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**COMMISSION STAFF WORKING PAPER**

**Annual Report 2011 on the European Union's development and external assistance  
policies and their implementation in 2010**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN  
PARLIAMENT**

**Annual Report 2011 on the European Union's development and external assistance  
policies and their implementation in 2010**

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## Introduction

All developments described in this 2011 Annual Report reflect the situation as of 31 December 2010. The Report does not cover the significant changes that occurred in 2011 following the political developments notably in the Southern Mediterranean region and in other areas of the world.

The year 2010 was a crucial one for the world economy. Recovery from the global economic and financial crisis has been fragile and uneven. This reflects the asymmetric recovery paths, plus the different timing and intensity of fiscal consolidation and structural reforms adopted by the countries most affected. Uncertainties about the sustainability of long-term growth are another source of concern. In 2010, advanced countries (the United States, Japan and Europe) returned to modest growth. The more dynamic emerging and transition economies in eastern Europe, Asia and Latin America (Russia, China, India, Brazil) have proved more resilient to the crisis. Despite some positive signs, most low-income countries continued to experience major socio-economic constraints in 2010 as a result of the persistent negative impact of the crisis and the volatility of world commodity, energy and food prices. Many developing countries are finding it harder to adjust their economies, to exploit new trade and economic opportunities and to meet the Millennium Development Goals (MDGs).

In 2009-2010, unemployment and poverty levels increased, affecting another 120-150 million people worldwide. Young people and school-leavers have been particularly hard hit by the downturn and the current slow recovery, which creates few jobs and leads to migratory flows and the development of the informal or “black” economy. National social safety nets are overstretched, while programmes to reduce fiscal deficits are being implemented by cutting social, health and education budgets. Income inequality also increased, calling into question current pro-poor and redistributive public policies in both advanced and developing countries.

In 2010, the European Union took important decisions on development policy, always with a bearing on the MDGs. The European Commission finalised a green paper on inclusive growth and sustainable development<sup>1</sup>, a green paper on direct budgetary support<sup>2</sup> and a Communication on Africa-Europe 2020<sup>3</sup>. Furthermore, the EU launched a reflection in September 2011 on EU strategic partnerships with emerging economies and on the role of Europe in the world. The mid-term review of the Country Strategy Papers suggested ways to meet new needs and challenges in EU planning. During the year, the EU plan of action on gender equality and women's empowerment in development (2010-2015) provided the Commission, the European External Action Service (EEAS) and Member States with a tool to reinforce EU coordination on gender equality in development cooperation.

Progress on global development also means tackling the impact of climate change and protecting the environment. At conferences in Nagoya (Japan) and Cancun (Mexico), the EU worked with developing partners on new international regimes for biodiversity and climate change, with forests a core theme in both. On these occasions, the EU provided detailed information on its financial support for biodiversity and climate change.

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<sup>1</sup> COM(2010) 629 final, 10.11.2010

<sup>2</sup> COM(2010) 586 final, 19.10.2010

<sup>3</sup> COM(2010) 634 final, 10.11.2010

In terms of institutional developments, 2010 was the first year of the Barroso II Commission and saw the creation of the EEAS under Catherine Ashton, High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the Commission. These Lisbon Treaty reforms together with the availability of adequate financial resources and tools will reinforce the EU's status as main international actor and supporter of global development.

#### **INSTITUTIONAL CHANGES AT EU LEVEL**

The Lisbon Treaty contained big changes for EU foreign policy, including overseas development. It established two new posts: the President of the European Council, who will cooperate with the current rotating Council Presidency, and the High Representative for Foreign Affairs & Security Policy/Vice President of the Commission (HR/VP). The President of the European Council ensures the external representation of the Union on issues concerning the Common Foreign and Security Policy (CFSP), without prejudice to the role of the High Representative. The HR/VP is tasked to ensure the consistency and coordination of the Union's external action and to be responsible within the Commission for its external relations responsibilities and, as HR, to chair the Foreign Affairs Council and to conduct the CFSP. The European Commission ensures the EU's external representation on all issues other than the CFSP. These institutional innovations should improve the framing of development and foreign policies and ensuring a more effective EU external voice and representation in international fora, including the G8 and G20.

The European External Action Service has been created, as of 1 January 2011, under the authority of the HR/VP. It combines human resources from the Commission, the Council and the national diplomatic services of Member States. The role of the EEAS is to assist the High Representative in fulfilling her various mandates as well as the President of the European Council, the President of the Commission and the Commission in the exercise of their external relations functions. Besides its headquarters in Brussels, the EEAS also includes EU Delegations around the world.

The Lisbon Treaty has increased the scope for Member States to cooperate with third countries using a more flexible approach (known as enhanced cooperation or 'variable geometry'). The Lisbon Treaty also allows for more cooperation on security and defence. It has also raised the co-decision capacity of the European Parliament, which will improve Parliament's relations with the Council and the Commission and EU institutions' accountability to citizens. It will also strengthen the legitimacy of European actions in areas including overseas development and external relations, making EU foreign policy more focused and coherent, with more flexibility and better coordination. The Treaty foresees a unified EU external representation in international fora as a longer-term objective.

The Lisbon Treaty puts fighting poverty and helping countries attain the MDGs at the core of European external and development policies.

Achieving the desired degree of coherence will require better coordination through permanent dialogue and communication with Member States. In development terms, this means a focus on key issues like increasing the volume of Official Development Assistance (ODA), aid predictability and aid delivery synchronisation, as well as joint programming, better international coordination, greater aid effectiveness and an efficient division of labour among donors. It should also mean more synergies between grants and loans, and more coherent EU policy dialogues with third countries and international financial institutions.



EU enhanced cooperation among Member States will contribute to better management of European development assistance and more effective external policies.

## 1. DELIVERING ON COMMITMENTS

The EU annual policy objectives for 2010 included a proposal for an EU action plan in the run up to the 2015 MDG Summit and work to ensure aid efficiency, accountability and consistent synergies between development policy and policies such as migration, security, climate action and energy, food security, access to health-care and education.

### 1.1. Policy development and priorities

#### 1.1.1. Progress on the MDGs

In 2000, leaders of 189 countries committed their nations to a new global partnership, focused on eight Millennium Development Goals (MDGs) to reduce extreme poverty with a deadline of 2015 for achieving a series of targets: (1) eradicating extreme poverty and hunger, (2) achieving universal primary education, (3) promoting gender equality and empowering women, (4) reducing child mortality rates, (5) improving maternal health, (6) combating HIV/AIDS, malaria, and other diseases, (7) ensuring environmental sustainability and (8) developing a global partnership for development.

Five years from the 2015 deadline, 2010 was a key year for the MDGs. On 20-22 September, the UN High-Level Plenary Meeting on the MDGs assessed progress and called for redoubled political and financial commitments to faster progress on all MDGs.

#### **Examples of EU contributions since 2005 to reaching the Millennium Development Goals**

Assisting 24 million people with social transfers related to food security (MDG1)

Enrolling nine million children in primary education (MDG2)

Connecting 31 million households to better drinking water (MDG7)

Constructing or maintaining 36 000 km of road (MDG8)

Progress has varied significantly between MDGs and between regions, countries and population groups. Progress has been good on reducing global poverty and on other goals such as universal primary education, gender equality in primary education and access to water. However, 1.4 billion people still live in extreme poverty and several MDGs are seriously off-track. This is particularly the case for improving maternal health where almost no progress was made, while prospects for access to sanitation are bleak. Sub-Saharan Africa in particular has fallen behind on all MDGs.

In April 2010, the Commission issued a set of concrete proposals for EU action to help developing countries achieve the MDGs by 2015. The Communication "A 12-point EU action plan in support of the Millennium Development Goals"<sup>4</sup> proposed a comprehensive approach

<sup>4</sup> COM(2010)159 final, 21.4.2010

that addresses the policy and financial dimensions. It sought to focus first on those countries most off-track and most in need, particularly those in situations of fragility. It was accompanied by five staff working papers which analysed progress on the MDGs, financing for development, aid effectiveness, aid for trade, and a 2010-2013 policy coherence work programme.

The Commission also made a series of policy proposals on food security<sup>5</sup>, global health<sup>6</sup> and tax and development<sup>7</sup>. It published other thematic papers on education<sup>8</sup> and on gender<sup>9</sup> which all fed into the Commission comprehensive approach to the MDGs (for more information and references, see 1.1.2).

The Council Conclusions on 14 June<sup>10</sup> gave the EU an ambitious common position ahead of the UN MDG Summit. The EU position included actions to increase ownership by developing countries of the development process. It also highlighted aid efforts, improving the impact of policies, mobilising more and predictable financing for development, and using development resources more effectively.

The EU took an active part in the process right up to the outcome document adopted at the UN. It engaged in dialogue with key international partners, particularly the African, Caribbean and Pacific (ACP) countries with whom a joint political declaration on the MDGs was adopted in June. This demonstrated the shared commitment to reach the MDGs and the convergence of views on ways to accelerate progress.

The European Commission also announced, at the UN Summit a €1 billion MDG Initiative to spur the policy dialogue on MDGs with ACP countries and to support those furthest off-track.

Overall, MDG commitments were made by both developing and developed countries, creating a new momentum. On average, developing country governments raise about ten times more revenue from domestic sources than they obtain in ODA. The potential, therefore, for mobilising more domestic resources is considerable in most developing countries. There is scope for helping developing countries to improve their capacity to raise more revenue. The Commission's efforts in this field will be strengthened by its Communication on tax and development and ongoing work on budget support.

#### **Follow up of the 12-point action plan**

The EU has started to implement the 12-point action plan to support the Millennium Development Goals. Given that it cannot do everything everywhere, the plan focuses on off-track countries, including those in situations of conflict and fragility.

On Official Development Assistance, all donors need to contribute to the common goal on the basis of fair global and internal EU burden-sharing. The Commission has

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<sup>5</sup> [COM\(2010\) 127](#) final, 31.3.2010

<sup>6</sup> COM(2010)128 final, 31.3.2010

<sup>7</sup> COM(2010)163 final, 21.4.2010

<sup>8</sup> SEC(2010)121, 04.02.2010

<sup>9</sup> SEC(2010) 265 final, 8.3.2010

<sup>10</sup> "Council Conclusions on the MDGs for the UN High-Level Plenary Meeting in New York and beyond – Supporting the achievement of the MDGs by 2015" 11080/10, 14 June 2010, and European Council Conclusions of 17 June 2010.

worked to share information by updating EU donor profiles. It is also preparing its ODA report to the European Council. As part of this process, an EU report on financing for development is being drafted and will contribute to Council discussions later in 2011.

Every euro set aside for development has to be used effectively. One priority is mutual accountability. In October 2010, the Commission published a Communication on mutual accountability and transparency<sup>11</sup> based on joint work with Member States at technical seminars. Another Communication on the progressive synchronisation of EU and national aid programming cycles is planned for the second half of 2011.

Mobilising the domestic resources of partner countries is crucial for development and for establishing relations of confidence and trust between citizens and their governments. This is why the Commission is working on a partnership with the African Tax Administration Forum through regular contacts at expert level. To promote revenue transparency and domestic accountability, it supports the activities of the Extractive Industry Transparency Initiative (EITI).

The EU is committed to supporting the expansion of the private sector in partner countries. In November 2010, the Commission concluded a study on the role of the private sector in development. In the same month it took part in the EU-Africa Business Forum in Tripoli.

Actions in other policy areas not directly linked to overseas development can have an impact on developing countries and development goals. The EU is leading the way in what is termed policy coherence for development (PCD). In October 2010, the Commission worked with the OECD to promote PCD at international level. The EU's current PCD work programme 2010-2013 includes consultations on a Communication on the future of trade policy, and an impact assessment of the reform of the EU's agriculture and fisheries policies.

### *1.1.2. Policy developments*

Attention in 2010 focused on core MDG areas such as health, education and gender equality. Policy documents were adopted in each field and were part of the EU contribution to the UN's MDG high-level event in September 2010.

#### **Health**

An open consultation on global health issues, and an intensive debate with EU Delegations, Member States' experts and stakeholders led to a Communication on the EU role in global health<sup>12</sup> in March, followed by Council conclusions. This new EU policy framework addresses health challenges in developing countries in a number of ways:

- enhanced governance at global and national levels;

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<sup>11</sup> COM(2010)643, 05.10.2010

<sup>12</sup> COM(2010)128 final, 31.3.2010

- fairer distribution of EU health aid through focused support for countries in greatest need;
- the application of aid effectiveness principles;
- stronger national health systems and a health-for-all approach at country level;
- ensuring coherence between the objectives of global health and other policies, such as trade and financing, migration, peace-keeping and security, food security and climate change.

This Communication also responds to the findings and recommendations of a 2008 report by the EU Court of Auditors on EU support for health in sub-Saharan Africa.

The EU policy on global health was presented to the World Health Assembly, and discussed at the Brussels conference on global health in June. It contributed to EU inputs on global health in the G8, in the UN global strategy for women and children's health, at the replenishment conference of the global fund to fight AIDS, tuberculosis and malaria, as well as at the UN MDG summit. The year ended with a roundtable at the annual European Development Days event which discussed concrete opportunities to advance the EU commitments on global health. These included more use of health sector budget support, synergies with global actors such as the US in the framework of the EU-US dialogue on development policy, and engagement with Brazil and other emerging and developing economies to discuss a global health framework at the 2011 World Health Assembly.

## **Education**

The February 2010 staff working document on more and better education in developing countries<sup>13</sup> emphasised the importance of good-quality basic education as a foundation for further learning, the balanced development of the whole sector and the creation of appropriate links to other sectors. It focused on the need for strengthening EU joint work, increasing EU financial support, broadening the financing base for education, and concentrating action on countries with the greatest need.

The Education for All (EFA) – Fast Track Initiative (FTI), where the Commission is a board member, contributed actively to reforms to reinforce the country focus, to cater better for the needs of fragile states and to improve decision-making, mutual accountability and FTI fund management. Teaching issues were a special focus for the Commission through the international task-force of teachers for EFA, a voluntary global alliance of EFA partners working together to address teacher needs in terms of policies, capacities and financing. The Commission co-chairs the task-force with Indonesia and is its main funder. Work by the task-force helped strengthen cooperation with UNESCO, a task-force member and host to its secretariat.

The Commission was actively involved in the Task-Force for Innovative Financing for Education, led by France. The Commission also reinforced contacts with the Association for the Development of Education in Africa to promote policy dialogue in education between donors and African partners. A successful side event at the EU-Africa summit of November

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<sup>13</sup> SEC(2010)121, 04/02/2010

2010 launched EU support for the Nyerere Programme, an intra-African mobility programme for students and academic staff, prepared in collaboration with the African Union.

The Commission supported the initiative of the G20 development working group to draw up a multi-year action plan for development. The human development pillar of this plan will concentrate on employment-related skills and the creation of internationally comparable skills indicators and enhanced national employable skills strategies.

## **Gender**

The goal of equality between women and men and the promotion of women's rights are of fundamental importance for the EU. However, despite substantial progress over the last few decades, women and girls still make up the large majority of the world's poorest. They are under-represented in governments and decision-making bodies, have fewer opportunities within the labour and financial markets. Sexual and reproductive health and rights are still neglected or denied in many countries and gender-based violence remains a widespread global phenomenon.

In June 2010, the Commission and Member States adopted the EU action plan on gender equality and women's empowerment in development (2010-2015)<sup>14</sup>. Through a series of activities and through policy dialogue, this action plan aims to accelerate the achievement of the MDGs and to improve the EU's work to advance gender equality in developing countries.

The action plan also aims to reinforce EU coordination with partner countries regarding gender equality policies to increase their impact on the ground. For example, it intends to place gender equality issues systematically on the agenda of political and development policy dialogue with partner countries and to prioritise in-country civil society participation, capacity building and advocacy.

## **Food security**

Developing countries account for 98% of undernourished people with an average level of undernourishment of 16%. This is down from 18% in 2009, but still well above the MDG1 target of 10%. Food insecurity gravely affects human development, social and political stability and progress towards the MDGs.

In March 2010, the European Commission adopted two new EU policy frameworks to help developing countries address the issue of food security, in both emergency<sup>15</sup> and long-term situations<sup>16</sup>. The objectives are to ensure progress toward achieving Millennium Development Goal related to the elimination of poverty and hunger (MDG 1), and to maximise the effectiveness of humanitarian support in crises where food insecurity threatens lives. Food security implies food availability, access to food and the quality of food. The Commission promotes an environmentally friendly and sustainable agricultural model, adapted to the reality of developing countries and markets, and able to make food available, accessible and of adequate nutritional quality. It therefore concentrates on enhancing the productivity of smallholder farmers and the resilience of rural communities, supporting governance improvements for food security, and strengthening assistance mechanisms for extremely vulnerable population groups.

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<sup>14</sup> [SEC\(2010\) 265 final, 8.3.2010](#)

<sup>15</sup> [COM\(2010\) 126 final, 31.3.2010](#)

<sup>16</sup> [COM\(2010\) 127 final, 31.3.2010](#)

In November, the Commission launched a public debate (via a Green Paper) on how the EU can best support developing countries' efforts to speed up progress towards the MDGs. The Green Paper identified agriculture and food security as possible priority areas.

Throughout 2010, the EU worked closely on food security with a number of actors, including the three Rome-based UN agencies (the FAO, the International Fund for Agricultural Development, and the World Food Programme) and the US, under the EU-US development policy dialogue. The EU also contributed to further promoting food security governance at the global level by contributing to the reform of the committee on world food security and by supporting the implementation of the food security agenda in the context of the G8 and G20 (in particular the L'Aquila food security initiative).

In December 2010, following its Mid-Term Review, the Food Security Thematic Programme was updated and a new Multiannual Indicative Programme for 2011-2013 was adopted with an overall budget of €750 million (see chapter 3).

## **Culture**

The year 2010 was important for recognising culture as an essential component of development policy. Following the Brussels international colloquium "Culture and Creativity as Vectors for Development" in April 2009, the Spanish EU presidency and the Commission co-organised a major event in Gerona (4-6 May 2010). There, ministers and high-level officials from EU, ACP, Latin American and Mediterranean countries met with professionals and cultural institutes to translate the Brussels achievements into an action agenda. The Gerona conclusions highlight the urgent need to incorporate the cultural dimension into the MDG process (and all anti-poverty initiatives), as well the importance of taking concrete steps to improve donor coordination, create practical tools to raise awareness and adopt an integrated EU strategy.

The European debate was rapidly taken up at international level, thanks mainly to close and effective cooperation with UNESCO. One result of this cooperation was a statement on the importance of the cultural dimension in development cooperation in the outcome document of the MDG summit in September 2010 and the subsequent adoption of a UN resolution on culture and development, opening the way for a high-level event before the end of the MDG process.

Coordination between EU institutions, Member States and international organisations advanced through the dialogue with the European Union National Institutes for Culture (EUNIC). A debate was launched with the European Parliament about the role of culture in EU external relations and potential staffing implications for coordinating the EU effort on cultural cooperation and diplomacy on the ground.

### *1.1.3. Focus on poverty*

As a result of the global financial crisis, it will take years to restore jobs, cut fiscal deficits and reduce foreign debt. Some MDG goals may be compromised unless there is more decisive progress. According to the UNDP and World Bank, many countries will not be able to meet the MDG objectives by 2015, especially the poverty-related indicators.

An established positive correlation exists between economic growth, reforms, political stability/good governance, and effective poverty alleviation strategies. The developing world has sought to pursue these targets throughout 2010. The ongoing rapid growth in China, India, Brazil, and other emerging economies has been impressive. Yet new challenges need to be addressed such as environmental degradation, climate change, food security and energy efficiency. These factors will impact on GDP and incomes per capita in coming years.

All EU partners in eastern Europe and the Caucasus which are covered by the European Neighbourhood and Partnership Instrument (ENPI) are now classified as middle-income countries (MICs). While poverty in the region has been reduced, social inequality and exclusion are still increasing at country and regional levels. Regional needs remain significant. The Republic of Moldova<sup>17</sup>, although now reclassified as a low-middle income country, remains the poorest country in Europe. Mediterranean countries covered by the ENPI also have to cope with poverty (all of them, apart from Israel, belong to the MIC category). Because of the existence of informal as well as formal redistributive channels, more budgetary and fiscal discipline is needed. Most Mediterranean countries were trying to introduce reforms during 2010, but at a high social cost.

In this difficult context, EU assistance through the ENPI focuses on job creation, improving the investment climate, good governance, developing social infrastructures and support for administrative, economic and social reforms. The most difficult social situation remains that of the occupied Palestinian territory where, despite humanitarian assistance, the socio-economic indicators did not improve in 2010, leaving more than 30% of the Palestinian population still living in poverty.

There has been an impressive reduction of absolute poverty in Asia, led by China, India and most countries of southeast Asia. However, poverty is still widespread in India and other countries like Afghanistan, Bangladesh, Cambodia, Laos, Myanmar/Burma, Nepal, North Korea, Pakistan, Papua New Guinea and Timor-Leste. Economic growth has led to considerable income and regional disparities, including inequalities between rural and urban populations. Development levels in southeast Asian MICs vary greatly. In these areas, EU cooperation through the Development Cooperation Instrument (DCI) focuses on capacity building, social infrastructures, energy efficiency, land management, climate change, food security, environmental protection and trade integration. All these actions have spill-over effects on poverty alleviation strategies at regional and country level.

Central Asian transition countries enjoyed significant growth rates over the past decade but have been considerably affected by the recent crisis. They felt the impact of weaker markets for their commodity exports. The worst-affected were Kyrgyzstan and Tajikistan – poor countries hit by lost remittances from citizens working abroad – and Kazakhstan, faced with a banking crisis. Turkmenistan and Uzbekistan were less affected and benefited from the fiscal income and external surpluses generated by gas and oil exports. Overall, in the region growth rates fell, poverty levels rose and the urban/rural divide widened. To help meet these challenges, EU assistance focuses on raising living standards, developing the social sector and providing a social safety net. It also seeks to improve the rule of law and public governance.

Progress in economic and social reform during the 1990s and early 2000s ensured prolonged economic growth for Latin America. Poverty levels in the region fell significantly. However,

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<sup>17</sup> hereafter Moldova

an average of 40% of the Latin American population still lives in poverty and income inequality remains. EU programmes under the DCI support the fight against poverty by promoting social cohesion and supporting regional integration. More recently, the EU policy dialogue broadened to include economic competitiveness, trade, migration, environment/energy/climate change, governance, and sustainable development. This is particularly the case for countries like Argentina, Brazil, Chile, Mexico and Uruguay, among the upper MICs.

The EU has changed its approach to development policy, making it more innovative. It considers innovative financing mechanisms so as to guarantee sustainable growth and inclusive, “smart” development. Boosting entrepreneurship, enhancing good governance, developing social infrastructures and supporting the private sector have become the main drivers of EU developmental programming. This influences poverty reduction very positively. The Commission intends to expand further innovative financing in external action so as to optimise the leverage potential of the EU budget.

Developed and developing countries will need to act more quickly to reach the MDGs in five years' time. Now the question is *how* to ensure that the development policy of the EU and its member states has the greatest possible impact in attaining its objectives. At a time when the credibility of aid is under pressure, demonstrating this increased impact is more important than ever for maintaining political and public support for development assistance.

## **1.2. Making cooperation work better**

### *1.2.1. European Consensus on Development and the future of EU development policy*

The European Consensus on Development<sup>18</sup>, which marks a milestone in the history of EU development cooperation, expresses the will of the European Union and its Member States to make a decisive contribution to poverty eradication and the Millennium Development Goals. It sets out for the first time a common EU vision on development based on more aid, better aid, improved policy coherence and a focus on Africa.

In 2010, the EU undertook several major policy initiatives to further implement its common vision on development. In April, the Commission issued a comprehensive set of proposals on EU action to help developing countries achieve the MDGs by 2015 (see section 1.1.1).

After its fourth College to College meeting with the African Union Commission, the European Commission adopted in June 2010 a communication on future EU-Africa relations in the lead-up to the third EU-Africa summit in Tripoli in November. On that occasion, leaders from both continents confirmed their commitment to the Africa-EU Joint Strategy by adopting the second action plan (2011-2013) covering its eight thematic partnerships and underlining their will to strengthen cooperation on global challenges.

The Commission launched several consultation initiatives in 2010 to generate a broad reflection on the future of EU development policy, in the light of the challenges and opportunities in a fast-moving international context and of the EU's new institutional framework. Consultations launched at the end of 2010, included a Green Paper on EU

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<sup>18</sup> The Consensus was endorsed in December 2005 by the Presidents of the Commission, Council and Parliament.



development policy in support of inclusive growth and sustainable development (see section 1.2.2) and one on the future of budget support. The latter aimed to draw lessons from more than a decade of providing budget support and invited views and evidence on both the opportunities of this tool and the ways to improve its quality, value for money and impact (see Chapter 4).

### **The future of EU development policy**

The Green Paper "EU development policy in support of inclusive growth and sustainable development" explored ways in which EU development policy could be a catalyst for building developing countries' own capacities to generate inclusive and sustainable growth and mobilise their economic, natural and human resources in support of poverty reduction strategies. It considered the possible development of partnerships for inclusive growth involving the public and private sectors and looked at climate change and energy policies as possible drivers of sustainable development as well as the role of agriculture in achieving food security and boosting growth.

The results of this consultation will feed into the Commission's policy proposals during the course of 2011, including a Communication on modernising European development policy.

The Commission services also launched a public consultation on the future of financial instruments for external relations. The objective was to gather ideas and opinions on a wide range of issues such as the added value of EU financial intervention in some areas, the options for new forms of cooperation and delivery mechanisms with partner countries, as well as the efficiency, impact and visibility of EU external cooperation.

The results of these consultations will contribute to the debate over whether the European Consensus or EU development policy in general needs updating in order to reflect better new development realities which have emerged since its adoption in 2005.

As for policy research, the second edition of the European Report on Development (ERD) was issued in December 2010. Drawn up under the lead of the European University Institute with extensive input from European and African researchers, it focused on social protection as a key tool to reduce poverty and vulnerability and to stimulate inclusive development and pro-poor growth in Sub-Saharan Africa. The ERD 2010 also made a number of policy recommendations on how the EU could enhance and improve its support in that region<sup>19</sup>.

#### *1.2.2. Mainstreaming of cross-cutting issues*

The Commission is committed to mainstreaming certain cross-cutting issues in all its activities as agreed in the European Consensus on Development. These are the promotion of human rights, democracy, good governance, and the rights of children and indigenous peoples, gender equality, environmental sustainability and combating HIV/AIDS.

#### **Democratic governance**

Governance is at the core of the EU's development strategies and is a recurrent subject in policy dialogue with partner countries. The EU has adopted a broad approach to governance,

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<sup>19</sup> More information: <http://erd.eui.eu/>

putting the emphasis on the state's ability to serve the citizens. Participation, inclusion, transparency, accountability and anti-corruption are essential components of the EU's approach.

Governance is crucial for a sound investment climate, good public finance management, reducing corruption, improving revenue collection for development, and strengthening institutions which improve domestic accountability and contribute to political stability. Governance is also essential for sector development and efficient service delivery. While recognising that improving democratic governance is an internal process in each country, the Commission is determined to address democratic governance both as a specific policy area and as a cross-cutting issue. It has made progress in addressing governance at sector level through initiatives like communication and awareness raising, sector-specific support and guidance, and the pilot applications of the approach presented in the Commission's reference document on "Analysing and Addressing Governance in Sector Operations"<sup>20</sup>.

### **Anti-corruption**

To fight corruption effectively, the Commission depends on communication and the flow of information to its own operational staff and close cooperation with other donors and stakeholders. A set of initiatives is being implemented to develop operational tools and support for field work. The Commission is part of a joint initiative with Transparency International, the UNDP and other stakeholders to make more efficient use of existing corruption assessment and measurement tools, through the development of a web-based gateway. The Commission cooperates with the Anti-Corruption Thematic Group at the World Bank, the UN Office of Drugs and Crime (UNODC) and the US State Department in a new initiative to reduce and prevent corruption by strengthening the institutional and operational capacities of national anti-corruption authorities.

The European Commission is a member of the anti-corruption team of the OECD/DAC. The team focuses on: (i) joint guidance for implementing the UN Convention Against Corruption, (ii) integrating anti-money laundering in development assistance and monitoring the Accra Agenda for Action commitments on asset recovery, and (iii) identifying ways to deal with international drivers of corruption at country level.

Moreover, the Commission is party to a memorandum of understanding with other donors and the International Organisation of Supreme Audit Institutions (INTOSAI) to develop capacities of Supreme Audit Institutions in aid recipient countries.

Several working relationships with civil society organisations are also in place for supporting citizens in the daily challenges posed by corruption, notably through legal advice and seeking to achieve systemic changes.

### ***Children's rights***

The first draft for most items in the "Comprehensive toolkit to address child rights in European development cooperation and external relations" came from UNICEF. The toolkit sets out to support the work of partner countries, delegations and other relevant actors and stakeholders.

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[http://ec.europa.eu/europeaid/infopoint/publications/europeaid/149a\\_en.htm](http://ec.europa.eu/europeaid/infopoint/publications/europeaid/149a_en.htm)

In 2010, 17 projects addressing the participation of children were shortlisted from a call for proposals (out of 866 concept notes received). Another call for proposals on child labour generated a total of 661 responses. These projects will address the issue of providing positive incentives for the sale of products made without using child labour.

### ***Gender***

Gender equality and women's empowerment is one of the five principles of EU's development policy. EU activities include capacity-building in developing countries, support for women's organisations and disseminating information on gender equality through guidelines, best practices and greater awareness.

In June 2010, the Commission and Member States adopted the EU action plan on gender equality and women's empowerment in development (2010-2015)<sup>21</sup> which aims to improve the EU's work to advance gender equality in developing countries.

Under the action plan, gender equality is systematically included in political and policy dialogues with partner countries to raise awareness and encourage change. It also proposes training on gender equality for staff in the EEAS and relevant Commission services, including all Heads of EU Delegations. The action plan also intends to make sure that gender equality issues are part of the annual and multi-annual planning process and to apply internationally accepted standards such as the "OECD Gender Equality Policy Marker", to track aid devoted to this issue.

The EU also continued to raise gender equality and women's rights in political and human rights-related dialogues with partner countries. These initiatives are now framed in a coherent and coordinated way in the EU guidelines on violence against women and girls and combating all forms of discrimination against them.

The EU maintained its effort to protect women in conflict and post-conflict situations, and to enlist women's full participation in conflict-prevention, peace-building and reconstruction processes. It implemented the EU comprehensive approach to UN Security Council Resolutions 1325 and 1820 on women, peace and security. Indicators were adopted by the EU Council in July to track implementation across member states and institutions as well as among Common Security and Defence Policy (CSDP) missions.

On the tenth anniversary of UNSCR 1325, the EU and the Belgian Council Presidency organised a high-level event in September on ensuring women's participation in peace and security.

Building gender capacity, developing methodological tools and improving coordination and collaboration with the main actors on gender issues are priorities. Online courses were available for EU staff, governments, donors and representatives of multilateral and civil society organisations.. The role of 'gender focal person' has been created in practically all EU delegations, whose tasks include the mainstreaming, supporting and monitoring of all activities concerning gender equality and women's empowerment.

### ***Environment, including climate change***

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<sup>21</sup> [SEC\(2010\) 265 final, 8.3.2010](#)

In 2010, the Commission and the Member States produced the first draft of an environment integration strategy which will be submitted for public consultation in early 2011. The results will be incorporated into an ambitious EU wide strategy, to be presented to the EU Council by late 2011.

The Commission continued earlier work on the application of the "*Guidelines on the Integration of Environment and Climate Change in Development Cooperation*"<sup>22</sup> to address environment and climate change as cross-cutting issues. Efforts were made to promote harmonised approaches between development partners on how to integrate environment and climate change mitigation and adaptation in development programmes. Several internal ex-post studies were conducted to assess the integration of environment and climate change in development cooperation, and to evaluate the efficiency and the effectiveness of the tools and methods used (environmental integration indicators study, and strategic environmental assessment review). In collaboration with member states, the Commission has developed a methodological tool to help assess, establish and implement a programme-based approach in the environment and natural resources sector. Finally, it also carried out a study on environmental fiscal reform with a view to promoting the concept of green taxation and budgeting.

An intensive programme of staff training and information seminars on environment and climate change mainstreaming, carried out in Brussels and in partner countries, were attended by more than 400 participants in 2010.

The Commission also started mainstreaming climate change in all EU regional investment facilities through the creation of specific *Climate Change Windows* in each facility, allowing more informed investments in, and tracking of, climate change-related projects funded by the EU, the EIB and other European finance institutions through these facilities. They cover both public and private investments in strategic areas like transport, energy, environment, water, sanitation and forests.

## ***Culture***

Both the international seminar in Gerona, Spain (May), and the UN summit on the MDGs (September) stressed the cross-cutting and horizontal nature of the cultural dimension of development. No effective aid programme is possible without proper consideration of the cultural dimension, whatever the sector. A case in point is the cooperation strategy for the reconstruction and development of Haiti, where cultural implications are to be taken into account within all sectors.

### ***1.2.3. Coherence between development and other policies***

The European Union is a major global actor. Its policies have therefore a major potential impact on developing societies and economies. The Lisbon Treaty requires the European Union to take into account in all its policies of the objectives of development cooperation.

Better coherence of development policies means identifying possible joint efforts by the EU and its developing country partners, providing benefits for both. The Commission applies this principle in the Communication "Tax and Development - Cooperating with Developing

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<sup>22</sup> <http://www.environment-integration.eu/>

Countries on Promoting Good Governance in Tax Matters"<sup>23</sup>. The proposals include helping developing countries committed to the principles of good governance in tax matters to enhance their regulatory and administrative capacities in tax matters, and identifying tax mechanisms, and more transparent accounting practices for multinational enterprises, notably in the mining sector.

Another approach is the relaxation<sup>24</sup> of rules of origin for countries benefitting from the EU's general system of preferences (GSP), which grants privileged access to the EU market for exports from developing countries. While easing the rules will help all GSP beneficiaries, it is particularly important for the least developed countries (LDCs), which qualify for additional concessions. For them, the new rules of origin in the textile and clothing sector no longer require individual LDC to both spin the yarn and weave the cloth.

Another important initiative in this areas is the comprehensive study launched by the Commission to assess the impact of EU production, consumption and trade in both food and non-food commodities on deforestation and forest degradation. The objective of this study is to identify the policy reforms needed at EU and national level.

In some instances, EU policies have to bear in mind the legitimate interests of EU citizens, as when setting animal and plant health norms which may cause difficulties for exports from developing countries. Creating greater coherence between EU policies and development objectives may mean helping developing partners to adjust export capacities to new norms, where necessary and feasible.

The EU also supported, through the Seventh Framework Programme for Research and Development (FP7), cooperation between researchers in Europe and developing countries. Since the start of FP7 in 2007 €356 million has been granted to researchers in developing countries to participate in collaborative projects with European researchers.

These are examples of how the EU is bringing about greater coherence between non-developmental policies and development objectives. To take account of these objectives in a systematic manner, the EU has put in place mechanisms to guide EU decision-makers and to monitor progress in policy areas with potential impact on development objectives.

The Commission issued a work programme on policy coherence for development for the period 2010-2013<sup>25</sup> in April. It covers five broad areas:

- *trade and finance* - to raise the chances of developing countries to obtain maximum benefit from their integration into the world economy;
- *food security* - to support an environment where developing countries can mobilise their own resources, particularly in fishing and agriculture;
- *climate change* - to help developing countries to adapt to climate change and reduce CO<sub>2</sub> emissions while preserving environmental balance and biodiversity;

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<sup>23</sup> COM(2010)163 final, 21.4.2010

<sup>24</sup> Agreed by the EU on 18 November 2010

<sup>25</sup> SEC(2010) 421 final, 21.4.2010

- *migration* - to bring about better coordination between migration and development by reducing the risk of "brain drain", by making migrants' remittances cheaper and safer, or by facilitating circular migration;
- *security* - to give more consideration to links between security and socio-economic development when planning and implementing security operations.

The PCD work programme is conceived as a tool for all EU institutions and Member States, to guide their decision-making across the broad range of decisions that affect developing countries' opportunities. The Commission, for its part, will focus its PCD work on the initiatives identified in the work programme. Through interservice consultations and impact assessments (including trade sustainability assessments) it will ensure that development objectives are taken into account and reconciled with other EU objectives.

As in 2007<sup>26</sup> and 2009<sup>27</sup>, the Commission will issue a comprehensive report in autumn 2011 on progress towards greater coherence of its policies with development objectives.

Although a global player, the EU is not the only one whose actions significantly affect developing countries. Efforts by the EU alone to bring more coherence to its policies would not be effective and sustainable without efforts by other major developed countries or emerging economies. The EU supported the UN General Assembly Resolution "Keeping the promise: united to achieve the Millennium Development Goals" of 22 September 2010 which called for increased efforts at all levels to enhance policy coherence for development<sup>28</sup>. The EU also supports efforts by the OECD to spread the concept and best practice of policy coherence for development beyond OECD members, and welcomes the determination of G20 members to pursue development- oriented policies.

#### *1.2.4. Aid effectiveness and co-financing*

The EU worked hard in 2010 to meet its commitments to implement the internationally agreed aid effectiveness agenda. With the next UN high-level forum scheduled for the end of 2011 in Busan, South Korea, the EU focused on outputs at three levels:

(1) At international level, with the working party on aid effectiveness (WP-Eff) of the OECD development assistance committee (DAC) to develop the approach and deliverables for Busan. The European Commission contributed to the outputs for increasing aid effectiveness at country level, e.g. on use of country systems, division of labour among donors, technical cooperation, aid transparency and accountability, and monitoring the Paris Declaration<sup>29</sup>. To reach this objective, the Commission provided active support to the OECD-WP-Eff co-chairs during the "focus country missions". The objective was to support a limited number of volunteer countries (Ecuador, Ghana, Indonesia, Mali) to accelerate the commitments.

(2) At EU level, with the 27 Member States and the Commission to implement the operational framework on aid effectiveness<sup>30</sup>, adopted in 2009. The EU added new chapters to this framework on cross-country division of labour and on mutual accountability and

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<sup>26</sup> COM (2007) 545 final, 6.10.2010

<sup>27</sup> COM (2009) 461 final, 8.9.2010

<sup>28</sup> Paragraph 41 of the resolution

<sup>29</sup> <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

<sup>30</sup> 15912/09 <http://register.consilium.europa.eu/pdf/en/09/st15/st15912.en09.pdf>

transparency. The consolidated operational framework is a unique set of commitments to strengthen the implementation of aid effectiveness principles going beyond the commitments of the Accra Agenda for Action. It was agreed that the EU and its Member States will further explore the possibility of using the Transparent AID (TR-AID) system. TR-AID is an EU donors' coordination tool developed by the European Commission with the primary objective of facilitating the sharing of aid funding data amongst EU donors.

The EU is responding to calls by partner countries and non-state actors to make its aid delivery more transparent and accessible in line with agreed standards. To gather evidence on aid effectiveness, the Commission launched a number of studies whose results will be available in 2011 and 2012. There is also work in progress to create a database containing information on aid by all EU Member States, designed to improve the division of labour.

Aid effectiveness is an essential tool for achieving the MDGs. To speed up production of joint EU country strategy papers and multiannual programmes, the Commission is preparing a proposal to synchronise EU and national programming cycles at partner country level and based on partner countries' strategies and their programming cycles.

The Commission coordinates positions on aid effectiveness both with member states and between the EU and international partners like OECD/DAC, UN and G8. This will be of particular importance in 2011 as the EU prepares its position for Busan.

The EU and the US are committed to work together to strengthen aid effectiveness at the global and partner country level. The Joint Statement at the EU-US summit of November 2010 identifies in-country division of labour, transparency and accountability as areas where the EU and the US will develop a common work plan. The aim is to start implementing the action plan in selected partner countries before the end of 2011.

(3) At Commission level, 2010 was the year for meeting priority targets on aid effectiveness. The Commission adopted an operational document proposing ten high-impact actions for 2010<sup>31</sup> which addresses three main aid effectiveness priorities: division of labour, use of country systems, enhanced technical cooperation. This document which outlined responsibilities across the Commission lists a set of actions with strict deadlines to demonstrate concrete and measurable results. First lessons can already be drawn from this exercise:

- Division of labour among donors to reduce aid fragmentation is a strategic tool to implement the aid effectiveness agenda. But it is still a slow process with no real political steer. The current attention given at Commission level to specific country cases seeks to remedy the situation.
- The Commission has analysed country-by-country the four points related to the use of country systems as the first option for channelling bilateral assistance. These are: internal constraints, scope for increasing budget support, scope for increasing decentralised management, and reasons for not using country systems. Based on this analysis, the Commission's performance is on target, with 50% of government-to-government support being provided through country systems.

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<sup>31</sup> [http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/documents/10actions-for-2010-accelerating-aid-effectiveness\\_en.pdf](http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/documents/10actions-for-2010-accelerating-aid-effectiveness_en.pdf)

- Action to reinforce capacity building and make technical cooperation more effective has been widely mainstreamed at EU headquarters and at Delegation level. Monitoring and tracking tools for quality criteria are starting to deliver satisfactory results.

For more information, see chapter 4.

### **1.3. Working with partners in a changing environment**

#### *1.3.1. Cooperation with the donor community*

The Commission continued to strengthen its cooperation with traditional donors and new emerging partners. The main achievements under the EU-US Development Dialogue in 2010 were an agreement on joint roadmaps for cooperation on food security, climate change and the MDGs as well as the selection of pilot countries for food security and climate change. The 2010 EU-US Summit gave the dialogue an additional mandate in the field of aid effectiveness. In April the first annual policy dialogue with Japan on development was held.

The Commission participated actively in the development-related work of the G8 during 2010. This included drawing up the first G8 accountability report to monitor development related commitments since 2005. At the G8 Muskoka summit in June, the Commission pledged an additional €50 million for the mother-and-child health initiative. At the Seoul summit in November, G20 leaders endorsed the Seoul Development Consensus for Shared Growth, which gives development a new growth-oriented approach. G20 members agreed a multiyear action plan to address key bottlenecks to growth, particularly in low-income countries. This is the first ever joint initiative on development to involve emerging and advanced economies. The EU strongly supports the G20 agenda which will help developing countries build the capacity to achieve and maximise their growth potential.

New donor countries – such as China, Russia, Brazil and some Arab states – have joined the donor community, bringing additional resources, as well as new approaches and values. The Commission funded a China-DAC study group on infrastructure in September, bringing together Chinese, African and DAC experts and officials to discuss development policy.

Engagement with the private sector is also being seen as increasingly important for development outcomes.

#### *1.3.2. Cooperation with international organisations*

##### **United Nations**

Throughout 2010, the Commission continued its contacts, cooperation and dialogue with the UN and its agencies, funds and programmes. This cooperation has developed into a mutually beneficial partnership with individual UN bodies and the UN system as a whole as part of an international policy agenda. The Commission has continued to project EU policy priorities and values in its dealings with the UN. This goes hand in hand with the Commission's increased presence and input in policy-making and debates at UN institutional fora, conferences and conventions. The Commission supports UN efforts to promote system-wide coherence and to increase UN effectiveness, including in its country-level operations.

In 2010, the Commission represented the EU, in the work of the main bodies of the UN, including the General Assembly and the UN Economic and Social Council.



The successful Millennium Development Goals summit in September was the key UN event in 2010. It produced a new commitment on the part of many government leaders to the MDGs and how they can be achieved.

For the first time in a General Assembly plenary, the EU was represented by the Commission President, who announced the EU MDG initiative allocating €1 billion in support of MDGs.

## **OECD**

Close cooperation with the OECD on development issues continued throughout 2010. While the Commission benefits from the OECD's analytical and statistical work on development, it tries to make sure that EU priorities and values are appropriately reflected in the OECD's work. In 2010, the Commission helped draw up the new mandate of the Development Assistance Committee and the definition of development goals within the OECD. At the DAC senior level meeting, the Commission pushed for the implementation of the aid effectiveness agenda, modernisation of development financing and progress on the MDGs.

## **International financial institutions**

Cooperation between the European Commission and the international financial institutions (IFIs), namely, the World Bank (WB), the International Monetary Fund and regional development banks continued to operate well in 2010.

### *WB and IMF*

The Development Commissioner attended the spring and annual meetings of the WB and IMF in Washington in April and October 2010. He addressed the joint WB/IMF Development Committee on the main agenda items: a) the resilience of developing countries to the economic crisis and the role of the WB, b) the International Development Association's role in assisting developing countries and its focus on results, and c) progress on WB governance reform.

In 2010, the reform of IFI governance and capital increases for the WB and the African Development Bank (AfDB) remained the object of international attention. During the negotiations, the EU supported a bigger say for developing and transition countries in the IFIs and supported efforts to ensure the multilateral development banks are sufficiently capitalised.

The Commission encouraged and participated in regular coordination meetings among the European representatives of the member states on the boards of the IFIs and encouraged the adoption of common European statements.

### *European Investment Bank (EIB)*

In the past, the EU has guaranteed EIB financing outside the EU under the so-called EIB external mandate which defines maximum guaranteed amounts and policy objectives. Following a mid-term review, the Commission submitted a legislative proposal<sup>32</sup> in 2010 to revise the mandate for the remainder of the current financing period to 2013. The main features of the proposal are to extend the financing mandate in favour of climate change

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<sup>32</sup> COM(2010) 174, 21.4.2010

projects with an additional €2 billion and to develop EIB regional operational guidelines to better reflect EU regional strategies in the implementation of EIB activities.

#### *Regional Development Banks (The African Development Bank)*

The tripartite partnership on Africa between the World Bank, the African Development Bank and the European Commission was jointly and comprehensively reviewed in 2010. The review recommended a shift towards a high-level policy dialogue, with a flexible agenda to respond to changing priorities. Implementing review findings begun and will continue in 2011.

The Commission maintained strong bilateral ties with the AfDB, including regular meetings at senior management level. The Commission also continued to fund the production and distribution of the AfDB's annual publication, the African Economic Outlook<sup>33</sup>, through cooperation at high-level launch events, as with the Belgian EU Presidency in July.

#### *1.3.3. Cooperation with non-state actors and local authorities*

Non-state actors (NSAs) and local authorities (LAs) remain essential partners in EU development and external policy. Cooperation in 2010 continued on the definition of development strategies and their role as implementers of development policy actions.

Besides the regular in-country consultations, at EU delegation level on geographic and thematic operations, a substantial dialogue with NSAs and LAs took place at headquarters level on several key policy issues. These included aid effectiveness, policy coherence for development, financing for development, the future of European development policy.

The Commission also launched a structured dialogue in March on the place of NSAs and LAs in EU external and development policy. This exercise, which will end in May 2011, seeks a common understanding on the strategic role of NSAs and LAs and the effectiveness of their involvement<sup>34</sup>.

Implementing the strategy defined in the Commission's 2008 Communication on local authorities as actors for development<sup>35</sup> continued with, for example, the release of the atlas of decentralised cooperation in July<sup>36</sup>. Preparatory meetings were held ahead of the next 'Assizes of decentralised cooperation' scheduled for March 2011 and work continued on the portal of decentralised cooperation that should be operational during the first quarter of 2011.

The EEAS will become part of channels of communication with NGOs and other relevant civil society actors in the field of development. These will be particularly relevant regarding EU relations with emerging economies in Asia and Latin America, and EU efforts to stabilise fragile states, support inclusive, sustainable growth and achieve the MDGs.

### **1.4. Outlook for 2011**

In the main, a lot has been done towards achieving the MDGs by the 2015 deadline. However, there are significant regional differences, with Asia out in front and Sub-Saharan Africa

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<sup>33</sup> <http://www.afdb.org/en/knowledge/publications/african-economic-outlook/>

<sup>34</sup> [http://ec.europa.eu/europeaid/who/partners/civil-society/structured-dialogue\\_en.htm](http://ec.europa.eu/europeaid/who/partners/civil-society/structured-dialogue_en.htm)

<sup>35</sup> COM(2008) 626, 8.10.2008

<sup>36</sup> <http://portal.cor.europa.eu/atlas/fr-FR/Pages/welcome.aspx>

lagging behind on many indicators. Some MDGs – notably child mortality and maternal health – are seriously off-track. The pace must accelerate if all MDGs are to be reached in 2015.

New challenges are complicating an already difficult situation. The economic crisis and earlier spikes in food and fuel prices have hit developing countries hard. Climate change and energy, plus political and security issues are also impacting on their ability to reach the MDGs. Furthermore, citizens and politicians in the EU and other donor countries question the rationale for more development aid at a time when domestic austerity measures are beginning to bite. Together, these additional challenges have created a new context for EU development policy in 2011 and beyond.

Alongside the new challenges, the creation, as of 1 January 2011, of the European External Action Service and the merger of the former Commission Directorates-General for Development and EuropeAid into a single Directorate-General for Development and Cooperation – EuropeAid offers opportunities for more policy coherence, particularly at the point where development, security and foreign policy converge, and between policy-making and implementation

The public consultation on EU development policy ends in January 2011. The results will form part of the input for a Communication on modernising EU development policy to be issued in late 2011. It will outline the framework for EU development policy until 2020. During 2011, the Commission will also present its proposals for the EU's multiannual financial framework for the period 2014-2020. The legislative proposals for the financial instruments for external action will be presented towards the end of 2011. Moreover, the Commission is exploring the possibility to create an EU Platform for external Cooperation and Development designed to foster EU coherence, effectiveness, efficiency and visibility in external financing, by combining respective strengths of the Commission, the EIB and other Bilateral and Multilateral Finance Institutions.

Several other Communications will be published later in 2011. A Communication on EU budget support will propose an EU vision of a support that more effectively and efficiently contributes to the development objectives of partner countries. A Communication on enhancing growth and investment in developing countries will define the enabling framework and the financial tool-box to address the main barriers to business competitiveness and new investment, notably through inclusive and sustainable joint ventures involving public and private actors.

The Commission will also issue the EU development finance accountability report in the spring of 2011. This report will present EU progress on the international financing for development agenda and identify ways to get the EU back on-track to reach its 2015 targets for ODA. It will also cover tax governance and EU fast-start climate finance for developing countries. The EU played a facilitating role at the 16<sup>th</sup> Conference of the Parties to the UN framework convention on climate change in Cancun. The Cancun event adopted a balanced package of decisions – the "Cancun Agreements". They represent another important step towards building a comprehensive and legally-binding framework for climate action for the period post-2012, when the current Kyoto climate protocol expires. 2011 will concentrate on the follow-up to the Cancun conference. This includes the further implementation of the EU commitment to provide €2.4 billion of fast-start funding for developing countries. This money will support adaptation and mitigation to climate change, as well as capacity building and transfer of technology. In line with Cancun, adaptation will be prioritised for the most

vulnerable developing countries, especially the LDCs and small island developing states (SIDS).

The Commission will continue its intensive climate outreach activities at bilateral and regional level. It will also further implement the dialogue and support components of the Global Climate Change Alliance. These dialogue and outreach activities will contribute to a common vision between developing countries and the EU for achieving a sound climate agreement at the Durban (South Africa) climate conference at the end of 2011. Following Cancun, the EU will implement the agreement on reducing emissions from deforestation and degradation (REDD+). This includes sustainable management of forests, improving forest governance and enhancement of forest carbon stocks. The Commission will also continue to implement the EU's disaster risk reduction strategy.

The EU will further assess its fair share in the long-term climate funding commitment to developing countries of \$100 billion per year by 2020. The Commission played a constructive and lead role alongside the member states at the 10<sup>th</sup> Conference of the Parties to the UN convention on biological diversity in Nagoya. The Commission will in 2011 start implementing the Nagoya agreements on biological diversity (including access and benefit sharing of genetic resources) and continue work on the EU's environmental integration strategy.

Policy coherence for development will be a major undertaking for the Commission in 2011, with the continued implementation of the PCD work programme 2010-2013 and the publication of the third EU report on coherence. This will examine coherence between development aid and other EU policies in five broad areas (see section 1.2.4). The policies concerned include trade, agriculture, fisheries, energy, environment, immigration and transparency of international financial flows.

The third edition of the European Report on Development (ERD) will focus on the complex development challenge of sustainable management of natural resources. The Report will be issued by the end of 2011.

Following-up recent key events will be important, notably the UN MDG summit of September 2010 and the third Africa-EU summit in Tripoli in November. Implementation will begin of the joint Africa-EU strategy's second action plan (2011-2013), which was adopted in Tripoli. Building on the progress of the past three years, joint efforts will be made to deliver swiftly concrete results on the eight thematic areas of the action plan, as well as to strengthen the political relationship.

Two key international development events will take place in 2011. The fourth high-level forum on aid effectiveness (HLF4) will take place in Busan, South Korea from 29 November to 1 December. The performance of donors and partner countries in implementing the effectiveness agenda will be assessed against the commitments contained in the Paris Declaration and the Accra Agenda for Action. The forum will also decide on future options for raising aid effectiveness. Busan will be a multi-stakeholder event bringing together up to 2000 participants from 150 countries. It is important that the EU and its Member States maintain an ambitious agenda for HLF4. They will prepare a common EU position.

The fourth UN conference on the least developed countries takes place in Istanbul in May 2011. The EU common position will emphasise EU contributions, highlight LDC responsibilities and call for supporting action from emerging economies. The EU input will be

based on three priorities: ensuring a favourable environment, achieving inclusive and sustainable growth, and tackling vulnerability.

The EU will continue to strengthen its cooperation with traditional and emerging donors. It will in particular continue building its engagement with the US via the EU-US development dialogue. The main challenge for 2011 will be to achieve concrete results in the fields of food security and climate change in selected pilot countries. There will be an annual ministerial meeting of the EU-US development dialogue and a second development policy dialogue with Japan.

The EU will increasingly support the role of the emerging economies in providing development assistance, including South-South and triangular cooperation. In particular, the Commission will make efforts to turn the work programme on trilateral cooperation agreed with Brazil and mainly Portuguese-speaking African partners into concrete projects in 2011. The Commission will participate actively in the follow-up activities of the G20 summit in Seoul via the development working group, including on the wider agenda of growth with resilience and to further promote cooperation on development with China and Africa.

## **2. IMPLEMENTATION: GEOGRAPHIC OVERVIEW**

This chapter presents the EU's external assistance in the main geographic regions.

The geographic instruments are:

- the European Neighbourhood and Partnership Instrument (ENPI),
- the European Development Fund (EDF),
- the Development Cooperation Instrument (DCI),

The European Development Fund is the main source of financing for EU assistance to Sub-Saharan Africa (except South Africa), the Caribbean and the Pacific regions (ACP). The EDF is separate from the EU budget, which finances external assistance to other geographic areas and the thematic aid programmes.

This report does not cover the Common Foreign and Security Policy (CFSP)<sup>37</sup> or the Instrument for Pre-Accession (IPA)<sup>38</sup>. A short section of this report is dedicated to humanitarian assistance<sup>39</sup>.

Some figures and data are used to illustrate this chapter but detailed financial information can be found in the Annexes.

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<sup>37</sup> For more information on CFSP: [http://www.eeas.europa.eu/cfsp/index\\_en.htm](http://www.eeas.europa.eu/cfsp/index_en.htm)

<sup>38</sup> For more information on the IPA: [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/instrument-pre-accession\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/instrument-pre-accession_en.htm)

<sup>39</sup> For more information on humanitarian assistance, see ECHO's report: [http://ec.europa.eu/echo/media/publications/annual\\_reports\\_fr.htm](http://ec.europa.eu/echo/media/publications/annual_reports_fr.htm)

## 2.1. European Neighbourhood and the Middle East

### 2.1.1. *The European Neighbourhood and Partnership Instrument*

#### 2.1.1.1. Introduction

The European Neighbourhood Policy (ENP) offers 16 of the EU's southern and eastern neighbours<sup>40</sup> closer political association, enhanced trade and economic integration, greater mobility and assistance in sectoral reforms. The aim of the ENP, as set out in its strategic documents,<sup>41</sup> is to build, together a prosperous, secure and stable neighbourhood on the basis of shared values and common interests.

A Commission Communication taking stock of the European Neighbourhood Policy<sup>42</sup> and the fourth set of ENP progress reports were presented in May 2010. They noted significant progress in several key areas, particularly in the economic field, but not enough on democratic reforms and human rights, as already stressed in previous reports. The reports demonstrated the clear benefits that the EU brings to its neighbours. For five years, the EU has been delivering more trade, more aid, more people-to-people contacts and far deeper cooperation with its neighbours on the whole range of economic, political and sectoral reforms. The partnership has advanced significantly in areas like transport, energy, environment and climate change, research, health and education. ENP funding increased by 32% in the current financing period (2007-2013) and will reach over €2 billion annually by 2013.

In July 2010, the EU Council invited the High Representative and the Commission to review the future implementation of the ENP. A series of consultations have since taken place with member states, partner countries, the European Parliament, academic experts and civil society organisations. This reflection will provide guidance for a strategic review of the ENP in 2011.

While the EU has already concluded Association Agreements or Partnership and Cooperation Agreements with most (13 out of 16) ENP countries. In October 2010, the EU invited Syria to sign an association agreement. Four rounds of negotiations on a framework agreement with Libya were held and the Commission decided to open an office in Libya in 2010, the last ENP partner where it did not have such a presence. As regards Belarus, the EU reaffirmed its readiness to deepen bilateral relations, depending on progress towards respect by Belarus for the principles of democracy, human rights and the rule of law. Negotiations on an Association Agreement with Ukraine continued, expanding more recently to include the creation of a Deep and Comprehensive Free Trade Area. Negotiations on an Association Agreement were launched with Armenia, Azerbaijan,, Moldova and Georgia.

The EU and most ENP partners continued to implement jointly agreed bilateral ENP Action Plans or – in the case of Ukraine – the association agenda, with objectives including political and security issues, trade and economic matters, environmental concerns, integration of transport and energy networks, scientific and cultural cooperation, people-to-people contacts etc.

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<sup>40</sup> [http://ec.europa.eu/world/enp/policy\\_en.htm](http://ec.europa.eu/world/enp/policy_en.htm)

<sup>41</sup> [http://ec.europa.eu/world/enp/documents\\_en.htm](http://ec.europa.eu/world/enp/documents_en.htm)

<sup>42</sup> COM(2010)207, Commission Communication on the Implementation of the European Neighbourhood Policy

Relations between the EU and Russia are based on the wide-ranging strategic partnership, distinct from the ENP. The seventh round of negotiations with Russia on a new bilateral agreement was concluded in December. Cooperation and dialogue with Russia were also taken forward in the context of the four so-called Common Spaces.

**The four dimensions of EU-Russia cooperation<sup>43</sup>:**

1. The Common Economic space, covering economic issues and the environment;
2. The Common space of freedom, security and justice;
3. The Common space of external security, including crisis management and nuclear non-proliferation;
4. The Common space of research and education, including cultural aspects.

An intensive dialogue on drugs was maintained with Russia in 2010 through regular contacts and meetings. In parallel, negotiations were launched on an agreement with Russia on drug precursors (chemicals used to manufacture drugs).

Besides reinforcing bilateral relations through the ENP, the EU also actively promotes regional and multilateral cooperation through initiatives such as the Union for the Mediterranean, the Eastern Partnership, the Black Sea Synergy, and the Northern Dimension.

In the southern neighbourhood, the first Summit at heads of state/government level took place with Morocco in March in Granada (Spain), in the context of implementing its “Advanced Status” with the EU. Efforts to reinforce the institutional capacity of the Union for the Mediterranean (UfM) eventually led to the full establishment of the UfM Secretariat in Barcelona, including legal statutes, annual work plan, staff regulations and operational budget. A planned UfM summit was postponed twice: first in June and then in November. UfM sectoral ministerial meetings did take place in 2010, dealing with water, tourism, trade, labour, employment, economic and financial affairs.

As regards the eastern partners, work took place to launch preparatory activities for comprehensive institution building (CIB) actions. CIB seeks to strengthen a limited number of core institutions which are central in preparing for and implementing future association agreements including deep and comprehensive free trade areas. CIB also includes visa liberalisation as a long-term goal. A budget of €173 million has been set aside for the six partner countries, through their 2011-2013 national indicative programmes. The four thematic platforms of the Eastern Partnership have set up panels on integrated border management, the fight against corruption, public administrative reform, environment and climate change, trade and SMEs.

Black Sea Synergy continued to develop. Its major achievement was the launching of the first Black Sea sector partnership, on the environment.

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<sup>43</sup> For more information: [http://eeas.europa.eu/russia/common\\_spaces/index\\_en.htm](http://eeas.europa.eu/russia/common_spaces/index_en.htm)

The Northern Dimension is a framework for cooperation between the EU, Iceland, Norway and Russia. The EU contributed to its development with the launch of the partnership on transport and logistics plus the creation of a new partnership on culture.

The EU cooperation agenda with all ENP countries and Russia is funded through the European Neighbourhood and Partnership Instrument. The ENPI supports a wide range of cooperation activities through 15 country programmes, three multi-country programmes<sup>44</sup>, and its cross-border cooperation component<sup>45</sup>. It also provides the bulk of EU financial support to the Palestinian Authority.

The Neighbourhood Investment Facility (NIF), financed under the ENPI inter-regional programme, remained fully active in 2010. During 2008-2010, the NIF supported 35 projects in transport, environment, and energy as well as social and private sectors with NIF grants totalling €260 million. This helped to mobilise €9.4 billion of investment from international financial institutions.

#### 2.1.1.2. Aid effectiveness and donor coordination

Efforts towards greater aid effectiveness, including better donor coordination, intensified in 2010 as EU Delegations drove the pace of work, consolidating their leadership of the aid effectiveness agenda on the donor side. The Delegations consolidated their pro-active role in promoting the division of labour and burden-sharing among donors, while seeking more partner government ownership and leadership of the aid process. Good progress is reported from Moldova, which was chosen as one of the pilots for the EU Fast Track Initiative on the division of labour and where a newly-created EU donor coordination network should bring positive results.

Work to strengthen partner government ownership of EU aid programmes pushed ahead. Efforts to implement the EU's backbone strategy for technical cooperation also helped to improve partner government ownership. In Ukraine, a new framework for government-donor working groups was agreed, based on the priorities of the ENP association agenda. This also contributed to a closer alignment of donor support for government priorities and helped donors to coordinate their positions on a wide range of policy issues like public procurement and the provision of international experts.

In many ENPI partner countries, the EU Delegations ensured progress on the aid effectiveness agenda by setting up and running donor-government working groups as in Georgia and Egypt. In Egypt, the government went on to establish a mutual accountability mechanism with the donor community. The EU Delegation to Egypt coordinates EU donors in this process through a task force on aid effectiveness. In the occupied Palestinian territory, 12 EU sector strategies have been developed in cooperation with the Palestinian Authority under a specific EU-led donor group, where the EU Delegation acts as secretariat and facilitator. This marks significant progress on the division of labour and will facilitate joint or coordinated programming in the future.

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<sup>44</sup> Regional East supporting the Eastern Partnership, Regional South supporting the Union for the Mediterranean and the Inter-Regional.

<sup>45</sup> [http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/index\\_en.htm](http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-cross-border/index_en.htm)



Emphasis on sector budget support helped the EU to align its aid to partners' sectoral strategies. This meant that more than 50% of aid to all ENPI countries in 2010 was channelled through country systems in line with the Paris Declaration and the Accra Agenda for Action. Furthermore closer coordination among EU donors resulted in several joint programmes co-financed by the EU and its Member States in the ENPI region. This helped cut transaction costs for both partner countries and donors. This was the case in Morocco where joint programmes in several areas such as education, health and water treatment were financed. Moreover these joint programmes made it possible to delegate the implementation to member state agencies (like GIZ of Germany for a water programme in Jordan). Similarly, some EU Member States have transferred funds to the Commission to implement. This is the case in the occupied Palestinian territory for instance where considerable EU Member State funds are channelled through the PEGASE mechanism which supports the running costs of the Palestinian Authority.

#### 2.1.1.3. Working towards the MDGs

In 2010 a large part of ENPI resources were devoted to the social sector with many programmes aimed directly or indirectly to eradicate extreme poverty and hunger.

Examples of efforts at poverty reduction (MDG1) include a programme to support economic recovery in Lebanon and one on poverty alleviation through local development in Jordan. Programmes contributed towards MDG1 in Georgia by providing immediate relief and housing to internally displaced persons and in Moldova by giving special support to the most vulnerable people in order to cope with the effects of increased energy prices.

According to the UN's MDG Monitor<sup>46</sup>, MDG goals in the areas of universal primary education (MDG2), reduction of child mortality (MDG4) and improvement of maternal health (MDG5) are very likely to be achieved by 2015 in the EU's southern neighbourhood region. Continuous progress towards achieving the MDGs can also be observed in the eastern neighbourhood region, where MDG1 and MDG2 have already been achieved.

With the successful implementation of education programmes in Algeria, Egypt, Jordan and Morocco plus health-reform programmes in Algeria, Egypt and Syria, these MDG goals remain key targets of EU support in the ENPI south region. As for HIV/AIDS (MDG6), examples of cooperation include a programme to develop a national HIV/AIDS strategy in Libya. EU support to the health sector in Moldova has also started reversing the global incidence of tuberculosis by 21% and of HIV by 13%. In the occupied Palestinian territory, disbursements are made through the Pegase mechanism to vulnerable Palestinian families, targeting particularly maternal health (MDG5).

The EU also works to meet the goal of ensuring environmental sustainability (MDG7) with the successful implementation of programmes to improve drinking water, waste water management and sanitation in Algeria, Egypt, Jordan, Morocco, the occupied Palestinian territory and Syria. It also implements programmes aimed at energy efficiency and renewable energies in Jordan, Tunisia and Ukraine. Gender equality (MDG3) remains a key challenge in the EU's southern neighbourhood region. The EU has been active mainly through the regional programme on gender equality and civil society. In the eastern neighbours, EU support has brought progress and chances are high of achieving this goal by 2015.

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<sup>46</sup> <http://www.mdgmonitor.org>

### **Towards a Mediterranean solar plan**

In October 2010, a three-year project financed by the EU started: "Paving the Way for the Mediterranean Solar Plan (MSP)". The project aims to improve the conditions for an increased use of renewable energy, in particular solar energy, across all the Southern Mediterranean Partner Countries. The focus is on combining renewable energy with energy efficiency and savings. The project aims to harmonise the legislative and regulatory frameworks, strengthen institutional capacity, improve knowledge transfer and capacity building in renewable energy technologies, and improve the business climate. It will support and coordinate activities among various stakeholders, targeting for example ministries in charge of energy, finance, and social affairs, industry, the research community, and International Financing Institutions.

#### **2.1.1.4. Implementation**

In 2010, new ENPI funding for southern and eastern neighbours totalled €1.807 billion. Of this, 71% is being provided through bilateral programmes, 21% via regional and inter-regional programmes, and 8% via cross-border cooperation initiatives. A large share of bilateral assistance was provided through budget support operations which continue to be an important tool to support reforms in the region.

In 2010, 14 new budget support operations were approved in the ENPI region for an overall value of €589 million. A total of €427 million went to nine new operations in southern partners (Algeria, Egypt, Jordan, Morocco, Tunisia) while €162 million were committed to five operations in eastern partners (Armenia, Georgia, Moldova, Ukraine). The 2010 budget support commitments represent 31% of all ENPI commitments and 44% of all bilateral commitments.

In the ENPI region, the new budget support programmes are largely sector-based and aim to support reforms in the education, water and agricultural sectors, while also contributing to strengthening border management and public financial management (PFM). Dialogue on PFM issues is being improved for budget support programmes and for the follow-up to the public expenditure and financial accountability (PEFA) diagnosis which has been completed or is underway in all countries, as well as via technical assistance programmes. The use of budget support in Lebanon and Syria was also being explored at the end of 2010.

Twinning is another mechanism for supporting eastern and southern neighbours. Twinning operations bring together Member States' public sector entities with counterparts in neighbourhood countries in a wide range of fields. They are effective in transferring knowledge, expertise, and EU practice. They remain important in EU-supported efforts to build capacity and give partners greater access to the EU's single market.

In the area of research, a cross-thematic call for proposals was published in 2010 through the 7<sup>th</sup> Framework Programme (FP-7) with €22 million dedicated to cooperation with Mediterranean and Black Sea countries. It focuses on the effects of natural and man-made pressures on the Mediterranean and the Black Sea as a result of natural and human activities, and on wind energy.

#### ***Bilateral cooperation***

In the eastern partnership region, programme implementation is well underway and annual action programmes were adopted in 2010.

The launch of association agreement negotiations with **Armenia** in mid-2010 confirmed the need to provide support to the government in key sector reforms. The result was a multisector budget support operation concentrating on public finance management including public sector transparency, and areas related to the deep and comprehensive free trade area. Additionally, the 2010 programme will enhance dialogue with civil society and help the Armenian media to report more professionally on political and other events. The comprehensive institution building memorandum of understanding was signed in late 2010, paving the way for institutional reform plans in the first half of 2011. Moreover 2010 saw a big increase in twinning operations in transport, statistics, competition and environment.

In **Azerbaijan**, continued support went on the energy and justice sectors. EU funding also focused on strengthening the capacity of the administration to develop and implement reforms already foreseen in the main areas of cooperation. The twinning mechanism was used extensively in various sectors of the EU-Azerbaijan action plan. Eight new twinning contracts were negotiated in 2010 in agriculture, employment and social affairs, health, finance and trade, while others were under preparation.

In **Belarus**, the 2009 annual action programme focusing on quality controls, especially norms and standards for food safety was signed in mid-2010. The programme also deals more than previously with energy efficiency. The programme priorities have since been subject to review following political developments linked to presidential elections in December 2010.

EU assistance to **Georgia** in 2010 had a positive impact in a variety of sectors, including public finance management, criminal justice, human rights, food safety and continued assistance to internally displaced persons (IDPs). For example, 8 231 flats for IDPs have been rebuilt or renovated and new infrastructure has been created, including pumping stations for drinking water supply and the construction of roads in villages in the military conflict zone.

EU budget support has also helped the Georgian authorities to identify shortcomings in the management of public finances. The 2010 assistance programme continues support for the reform of public finances, *inter alia*, by establishing a modern framework for debt management and an evaluation system for public expenditure. Further support will seek to reduce regional disparities within Georgia and to stimulate regional development.

#### **Community centres for conflict-affected groups in Georgia**

In Georgia, EU funding enabled the setting-up of several community centres for conflict-affected communities. These centres bring together long-time residents and internally displaced persons in the towns of Gardabani, Tskaltubo, Zugdidi, Poti and Gali to facilitate their socio-economic integration. All the towns are affected by past conflict. But looking to the future, local leaders have created gathering places for citizens and government to address problems and create opportunities for all. Art, dance, computer and language classes are offered. Other projects include renovating kindergartens and hospital wards and laying out playgrounds and sports fields. These activities had a positive long-term impact especially on young people who started to work together and linked up in a web forum. Additionally the community groups were transformed into NGOs, which will ensure the continuity of the projects.

Important progress was achieved in **Moldova** in the social and health sectors. Support in the health sector brought about an increase in state funding, the rehabilitation of primary health care centres and an increase in the number of these centres. It also brought about a fall in the incidence of tuberculosis (by 21%) and HIV (by 13%). This was made possible through financial support of more than €30 million, which had a positive effect on the fiscal deficit and overall macroeconomic stabilisation. Twinning operations increased during 2010, supporting reforms in competition policy, intellectual property rights and public procurement.

In **Ukraine**, new sector programmes for border management and the judiciary were approved in 2010. A sector programme to support the ambitious public administration reform initiated by the government is under preparation, together with the comprehensive institution building programme under the eastern partnership. Besides sector reform support, technical assistance was provided for capacity and institution building in a wide range of fields which come under the EU-Ukraine association process. Twinning projects have increased and cover the sectors of justice, statistics, civil service reform and the social sector.

In 2010, EU support for **Russia** continued to foster reforms and development in higher education, in particular through the EU Tempus and Erasmus Mundus programmes. Continued support went to EU education centres which are expected to meet the demand for more information and to create a better understanding of the European Union and its institutions.

In 2010, a particular success was achieved in the environmental sector, where the construction of a sludge incinerator in St Petersburg has been completed and already reduces the pollution of the Baltic Sea. Moreover support to Russia contributed to reform the judiciary, for instance through free legal counsel and human rights training for over 700 judges and prosecutors.

In the Maghreb, budget support was introduced in **Algeria** for the first time in 2010, building on previous support in the water and sanitation sector and following an assessment of eligibility. This mechanism is proving to be a catalyst for a more intense policy dialogue, including on PFM issues. The first five twinning operations were approved in sectors such as environment, finance and trade.

#### **Algeria uses TV broadcasts to save water**

In Algeria, a national communication plan including TV and radio coverage was launched to raise awareness on saving water. The EU has also funded four laboratories equipped to analyse micro-pollutants. In addition, 45 decrees related to the law on water have been drafted, out of which 25 have already been published and 150 people have been trained in water management issues. An integrated information system and a national plan for water are being finalised. People in Algeria now have greater access to water and the quality of it has significantly improved, the campaign has also led to a change in public understanding concerning water conservation issues.

In **Libya**, the EU remained active in the field of health and HIV/AIDS during 2010. The sixth phase of the Benghazi action plan supported the implementation of a Libyan national HIV/AIDS strategy, assisting Libyan efforts to improve the quality of health care for people living with HIV and AIDS and developing approaches to reduce the risks of infection. The EU also stepped up its cooperation with Libya on migration, in order to increase the

effectiveness of border and migration management, while raising the standards of treatment of migrants and protecting their fundamental rights.

The 2010 programme for **Morocco** focused on poverty alleviation and socio-economic development, supporting two high-priority government strategies. One is to increase access to basic social services and foster economic development of populations in remote areas. The second is to support reform of the Moroccan agricultural and rural sector, including the protection of natural resources. This support complemented previous EU support in the field of basic education and literacy.

EU cooperation with **Tunisia** focused in 2010 on the water sector, supporting Tunisian public policy on water management for rural and agricultural development. Particular attention was paid to sustainable development, through different programmes on energy management, environmental actions by enterprises and awareness-raising on environmental issues. In addition, Tunisian efforts to foster growth and keep macroeconomic and financial indicators in balance were supported, in order to favour the economic and trade integration of the country. The programme for Tunisia is currently being reviewed in order to take into account the latest political developments in the country.

The EU continued its extensive cooperation with **Egypt** in 2010, supporting efforts to improve the life of the citizens through reforms and investments in key services. Initiatives included support for the water sector designed to strengthen institutional structures and promote more efficient use of water resources, while protecting public health and the environment. The EU also cooperated in a major wind farm project that will produce clean renewable energy, thus limiting greenhouse gas emissions. Additional funds in the ongoing research, development and innovation programme will help to facilitate Egypt's move towards a knowledge-based economy. Support for justice reform will strengthen capacities and target the juvenile justice system and the fight against trafficking in human beings.

During 2010, EU programmes in **Lebanon** supported the government's reform agenda in high-priority sectors, such as security, policy planning, infrastructure and agricultural development. These programmes built on ongoing EU actions in the country.

In **Syria**, the EU continued its focus on the modernisation of the health sector and launched in 2010 a new programme with the ILO and the UNDP to help reform the social protection systems. A joint EU-EIB action also focused on improving water, waste and wastewater management. During 2010, the EU continued to support the Syrian government's moves towards a social market economy with one programme for the modernisation of the industrial sector and another for vocational training.

EU support for **Jordan** focused on improving public financial management, in particular to achieve a better match between the planning and execution of the state budget. This was complemented by a programme to improve water management, a crucial sector in a country with one of the lowest levels of water availability *per capita* in the world. The EU also continued to support the Jordanian decentralisation process which fosters local economic development, and strengthens the capacity of the central and decentralised state structures, as well as of non-state actors, to improve the governance of the country. EU support has positively contributed to the regulatory reform process, including in relation to privatisation. Impact can be seen on the daily life of Jordanian citizens (easy access to telephones, competition among operators, etc), and at the institutional level – for instance with the

creation of the Civil Aviation Regulatory Commission and the establishment of a Master's Degree course in regulation from which the first students graduated earlier this year.

In **Israel**, the focus of cooperation was on promoting the approximation of Israeli norms and standards to those of the EU using the twinning instrument, with two projects completed in data protection and urban transport. Implementation of a twinning project on equal opportunities began in 2010.

The substantial aid provided to the **occupied Palestinian territory** (€427 million in 2010) was channelled mainly through the PEGASE mechanism, covering recurrent expenditures of the Palestinian Authority, as well as technical assistance and equipment for the Palestinian reform and development plan and public infrastructure development. Included in this assistance was support for the private sector in the West Bank and Gaza and to Palestinian institutions in East Jerusalem in the health, education and social sectors. The EU also continued to support UNRWA (the United Nations Relief and Works Agency) in all its fields of operations.

#### **Helping the poorest and most vulnerable Palestinian families**

Through PEGASE, the European Union provides significant amounts of direct financial support to the Palestinian Authority (PA) for the sustained delivery of basic public services in the West Bank and Gaza. Part of the funding goes towards social allowances for the poorest and most vulnerable Palestinian households, through the PA's cash transfer programme. An average of 50 000 families are directly reached by the scheme. The allowance is paid quarterly and can be claimed in 47 bank branches throughout the occupied Palestinian territory.

Through this mechanism, the EU has a direct and immediate impact on the well-being of the Palestinian population and on the capacity of the PA to continue providing essential public services to its citizens. By the end of 2010, over €113 million had been distributed through the most vulnerable Palestinian families (VPF) programme.

#### ***Regional cooperation***

The programmes for regional cooperation complement bilateral assistance and tackle challenges affecting the ENPI region. The launch in 2009 of the Eastern Partnership (EaP) and in 2008 of the Union for the Mediterranean (UfM) created new frameworks for regional cooperation, enhancing the existing programmes. Five regional programmes were launched in 2010: "East-Invest", "Air quality governance in the ENPI East countries", "Eastern Partnership culture programme", "Supporting participation of eastern partnership and central Asia cities in the Covenant of Mayors" and "Paving the way for the Mediterranean solar plan". These increased the number of programmes now under implementation to more than 70.

In 2010, within the eastern neighbours, a series of seminars and meetings took place at regional level, on issues corresponding to the areas of work of the platforms: good governance, democracy and stability, economic integration, energy security and contacts between people. Five of the six EaP flagship initiatives were launched in 2010, and some are under implementation, touching issues such as border management, support for small and medium-sized enterprises, and environmental governance.

Under the EaP, the energy cooperation programme remains a top priority, with the INOGATE programme along with environment. In 2010 the Covenant of Mayors initiative generated a €5 million project. The social and human dimension also remained important with the launch of the first eastern partnership culture programme with a budget of €12 million.

The positive experiences of Med-invest for the southern countries inspired the launch of a similar programme, East Invest, targeting support to the SME sector in eastern partnership countries.

Regional cooperation with southern neighbours in the UfM process is on track with the establishment of the Barcelona secretariat in 2010 and the adoption of a 2011 budget of around €3 million. UfM priorities are on sustainable development, especially environment and water management, as well as on energy and social and civil affairs. In the sector of training and education, the EU provided support to the Euro-Mediterranean University (EMUNI). The pilot inter-regional programme launched in 2009 (sustainable urban development – CIUDAD), gave rise to 21 grant projects involving the 16 ENP beneficiary countries and three EU countries with a high degree of cross-regional experience. Numerous projects are the continuation of activities that began in 2008 and 2009, concerning governance (Euromed police, Euromed migration) as well as the economy (Agadir agreement) transport (Euromed aviation project II), social, cultural and human dimension (Euromed audiovisual III, Euromed heritage IV and, Euromed youth IV).

#### **Regional development with Egypt's south Sinai Bedouins**

In the southern Sinai, where the majority of the population are rural Bedouins, an integrated regional development programme is improving living conditions and protecting cultural and natural resources. The project supports the provision of basic social services through infrastructure such as water supply, sanitation and solid waste. It also provides grants to local Bedouin communities. Thirty-five Bedouin women in the area of the Saint Catherine monastery have been trained to make and market herbal medicines. A further 500 Bedouin women have been trained in traditional Bedouin handicraft skills thereby preserving cultural heritage and enabling them to contribute to family income. Support is also provided for diversified and sustainable tourism development. The €64 million programme started in 2007 and will end in 2011.

Regional cooperation programmes resulted in concrete improvements in a great variety of sectors in the ENPI countries. For instance in the occupied Palestinian territory, a short film funded under the regional information and communication programme contributed directly to preventing violence against women. The film also tackled the sensitive issue of incest and other sexual abuses. Within 24 hours of the screening, 14 cases of sexual abuses had already been reported to the police and in less than a month, the films became an educational documentary.

#### ***Inter-regional dimension***

The inter-regional operations support both the southern and eastern regions with activities that can be managed more efficiently and flexibly at inter-regional level. It includes two institution-building instruments originally created for the EU enlargement process. These are

the Technical Assistance and Information Exchange Instrument (TAIEX)<sup>47</sup> and the Support for Improvement in Governance and Management (SIGMA)<sup>48</sup>. TAIEX aims to foster political and economic cooperation in a number of areas, primarily the approximation, application and enforcement of EU legislation. SIGMA is a joint initiative of the OECD and the EU, assisting partner countries to install governance and administrative systems. At present SIGMA is active in ten neighbouring countries: Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, Moldova, Morocco, Tunisia and Ukraine. It works mainly in the following sectors: legal framework, civil service and justice, public procurement, financial control and external audit.

The inter-regional dimension includes the Neighbourhood Investment Facility. The NIF combines grants with loans provided by European finance institutions for big infrastructure projects as well as for small and medium-sized enterprises. It is funding regional and multilateral projects such as the Mediterranean Solar Plan or the Horizon 2020 initiative for de-polluting the Mediterranean. Additional projects under the Eastern Partnership and the Black Sea Synergy Process are also supported.

#### **Better water and sanitation systems in Moldova**

This water and sanitation programme is working to improve the water supply and sewage collection and treatment systems in the Municipality of Chisinau for its 800 000 inhabitants while reducing its environmental impacts.

The programme requires a full feasibility study to assess the existing water and sanitation system, identify deficiencies, and short- medium- and long-term technical solutions. The study also deals with ways of cutting the use of chlorine and its negative impacts on the population. It will produce an environmental impact assessment plus an economic and institutional assessment of the public operator and its clients. The study will feed in the decision to go ahead with the rehabilitation and extension of the water supply and sewage collection.

The total cost of the programme is €59 million. Of this, €3 million are grants from the Neighbourhood Investment Facility covering the cost of the feasibility study. The investment will be co-financed in the framework of the NIF by the European Bank for Reconstruction and Development (EBRD), KfW Development Bank in Germany, the European Investment Bank (EIB) and a contribution from the beneficiary.

The inter-regional programmes Tempus IV and Erasmus Mundus II are part of a strategy for promoting education and training in partner countries. Tempus IV aims at modernising and reforming higher education systems and institutions in the partner countries, while Erasmus Mundus promotes student and staff mobility amongst participating institutions. From the 2009 call for proposals Tempus IV funded 64 projects for a total value of €39.4 million. A total of 450 proposals were received. Of the 64 successful applications, 18 came from institutions in ENPI countries. The fourth call for proposals for Erasmus Mundus launched in 2010 for the academic year 2010-2011 resulted in a total of 1880 exchanges of students and teaching staff, with the majority coming from ENPI countries.

#### ***Cross-border cooperation overview***

<sup>47</sup> [http://ec.europa.eu/enlargement/taix/index\\_en.htm](http://ec.europa.eu/enlargement/taix/index_en.htm)

<sup>48</sup> [http://ec.europa.eu/enlargement/taix/index\\_en.htm](http://ec.europa.eu/enlargement/taix/index_en.htm)



Cross-border cooperation programmes are another ENPI tool to enhance cooperation between EU Member States and partner countries situated at the external border of the European Union. Since 2009, 13 programmes are operational. Financing agreements were signed with all partner countries with the exception of Morocco for the Mediterranean Sea Basin programme and Russia and Azerbaijan for the Black Sea Basin programme. Programmes seek to develop the cross-border economic, social and environmental potential of participating countries or to improve the standard of living and welfare of their citizens. Other priorities aim at people-to-people cooperation in the social, educational, cultural and scientific sectors.

The main challenge in 2010 was to finalise the first calls for proposals launched by all the programmes and to start project implementation. Together, the 13 programmes received 2 173 applications for a total available budget of €239.2 million, illustrating the big interest among applicants for this type of cooperation. Partner countries are lead applicants in 520 projects representing 26% of the total number of applications. In addition to standard projects, large scale cross-border investment projects of strategic importance are supported. Eight ENPI CBC programmes have decided to implement large-scale projects. To date, 13 investment projects have been submitted for approval to the Commission for a total of €63 million.

#### **How cross-border cooperation reduces infant mortality and infant disabilities**

The high level of infant mortality in the first year of life and of infants with disabilities is a major health problem for Hungary and Ukraine. The ENPI CBC Hungary-Slovakia-Romania-Ukraine Programme is implementing a project called the 'European Cradle', worth €500 000 to fight infant mortality in Hungary and Ukraine. The project aims to improve diagnostic techniques and staff qualification in children's hospitals. It seeks to increase the number of infants who recover after hospital treatment, to reduce postnatal infectious diseases and to lower the percentage of infant birth traumas through institutional and people-to-people cooperation. The regional children's hospitals will create communication channels between Hungarian and Ukrainian target groups on modern methods of medical treatment that should lead to the introduction of new Ukrainian-Hungarian initiatives on health care.

The EU provides technical support to the ENPI CBC programmes by financing two projects (Regional Capacity Building Initiative and INTERACT ENPI). In 2010, the RCBI continued organising partner search forums and training for potential applicants and started providing assistance to beneficiaries. The RCBI project will run until the end of 2012. INTERACT ENPI continued to offer a platform where all ENPI CBC stakeholders are able to share experience and good practices. Technical meetings were organised on Infrastructure projects (Large Scale Projects), financial and audit issues as well as monitoring and evaluation.

#### **2.1.1.5. Monitoring**

EU assistance projects are subject to external and independent results-oriented monitoring (ROM) in addition to the regular and rigorous project monitoring carried out by EU delegations. The ROM results in 2010 confirm that most cooperation projects in the ENPI region are effective. Projects monitored more than once show a marked improvement over time, suggesting that re-monitoring is a useful tool for getting better results. As in earlier years, projects with serious deficiencies in relation to one or more of the ROM criteria were the object of particular attention and follow-up scrutiny.

**ROM: a quick explanation**

The ROM system measures projects against five criteria. These are relevance, efficiency, effectiveness, impact and sustainability. The criteria are those set by the OECD's Development Assistance Committee. Projects are then classed in four categories:

- i. Very good performance
- ii. Good performance
- iii. Performing with problems
- iv. Not performing: major difficulties

The Commission has been using the ROM system since 2000. Full explanation and presentation of results are found in Section 4 of this report.

Overall 372 projects (304 bilateral projects, 68 multi-country projects) with a total value of € 1.13 billion were monitored. The positive ROM results from the previous years for the region were confirmed by a satisfactory overall average score of 2.84 (out of 4), marking a slight improvement on the 2009 score (2.82).

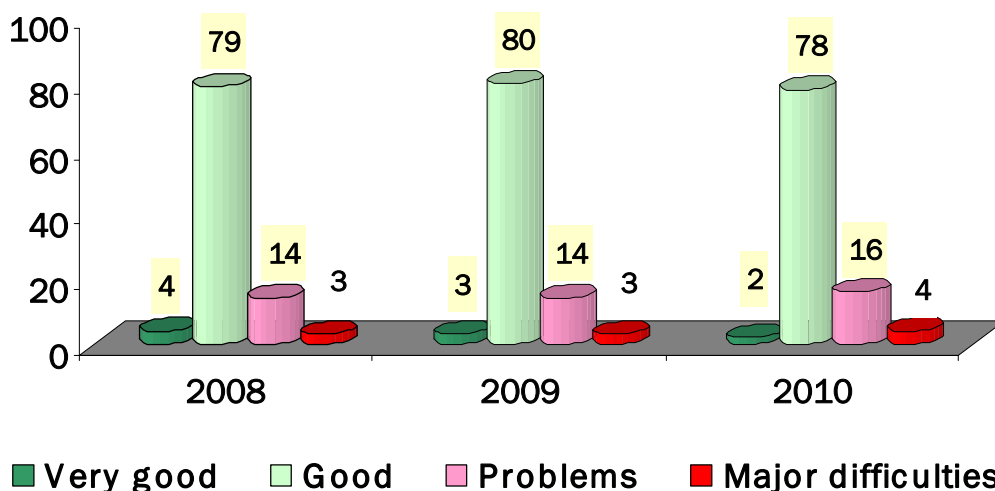
The majority of monitored operations (70%) were in the social infrastructure and services and economic infrastructure and services sectors. Both sectors showed a good overall performance. The productive sector (agriculture, industry, etc.) score, although lower, is also still generally satisfactory. The cross-cutting/multi-sector areas performed least well. These include the majority of multi-country/regional programmes, which on average tend to score lower than bilateral projects, due to difficulties faced in generating national ownership, policy support and financial viability for this type of complex cooperation. However, the overall scoring of ENPI south regional programmes is affected by a small number of programmes with serious difficulties.

High average scores for relevance suggest that the projects are well-embedded in clear strategic frameworks. This further indicates that consultation of partners in the project preparation process has improved. In addition, the use of calls for proposals allows for a demand-oriented approach involving civil society organisations.

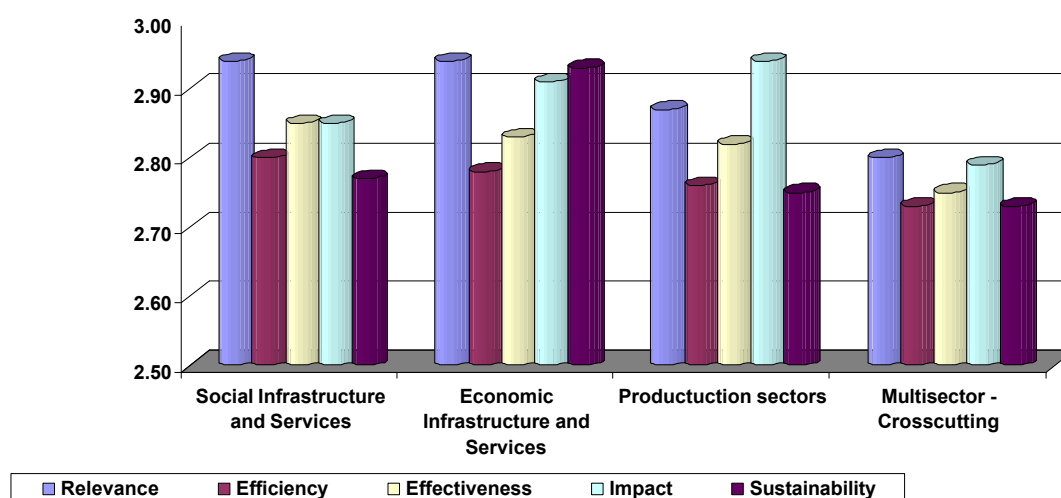
Generally, most challenges relate to efficiency. Commonly there is scope for improvement in the management of projects by implementing organisations. Some projects are delayed due to adverse external hostile conditions (e.g. in the occupied Palestinian territory or the southern Caucasus) and thus face difficulties in achieving the planned results. In addition, efficiency scores are significantly lower for large multi-country infrastructure projects which are by nature harder to implement, especially as some involve the entire ENPI region.

Finally, findings reveal difficulties in sustaining the results of various projects, often because of institutional shortcomings in partner countries in follow-up activities once external assistance has ended.

**Table 1 ENPI – Very good and good ROM scores per evaluation criteria 2008-2010 (%)**



**Table 2 ENPI – Monitoring results per ODA sector**



#### 2.1.1.6. Outlook

At the bilateral level, preparations for the 2011 annual action programmes are on schedule for all ENPI countries.

In the Eastern Partnership region, work will begin in selected partner countries in 2011 on reforms under the comprehensive institution building programme. At the regional level, implementation of flagship initiatives will continue. In addition to the initiatives begun in 2010, new actions to support energy efficiency, energy security, disaster response and air quality governance will get off the ground. In Georgia, support to IDPs, previously provided through three distinct special measures, will continue as a sector policy support programme.

In the ENPI south region, the EU signed a memorandum of understanding with all partner countries, except the occupied Palestinian territory and Israel, for national indicative programmes covering the period 2011 to 2013. For most countries, existing cooperation priorities were confirmed but some changes were introduced to respond to recent developments.

In the Maghreb, the EU will explore the possible expansion of sector reform support via the national budget in Algeria, accompanied by increased support to public finance management reform. In the case of Libya, the EU adopted in 2010 its first country strategy for the period 2011-2013, including the areas of health, trade and private sector development, public administration reform and migration. The main focus of EU-Morocco cooperation in 2011 will be on bridging the legal and institutional gap with the EU. Cooperation with Tunisia will focus on economic integration and trade, including direct support to enterprises and to the research and innovation sector. Enhancing the employability of young people remains a priority for the EU.

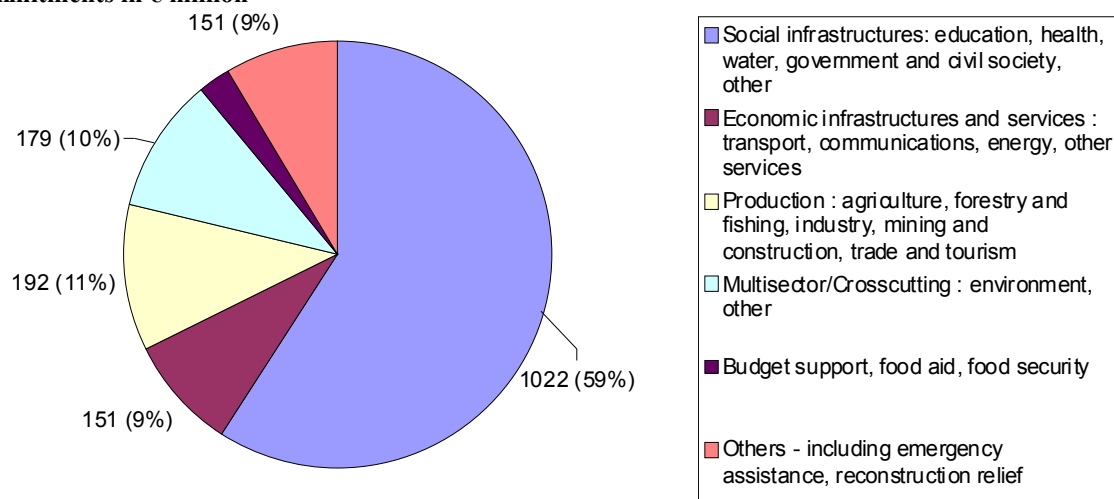
The focus of cooperation with Egypt in 2011 will be on energy and trade reform plus other programmes to support social and local development in the areas of family empowerment, demining, and upgrading informal sectors of the economy. EU cooperation with Syria will continue to focus on the social sectors. The EU will increase its support for the modernisation of the private sector in the context of moves towards a social market economy. New areas of cooperation will also be explored, such as more support for civil society organisations and the modernisation of the judicial system.

In the case of the occupied Palestinian territory, the 2010 programme was a transitional one which paved the way for more focused and less *ad-hoc* support in the future. A new Palestinian national plan for 2011-2013 will form a basis for identifying EU support actions in the coming years.

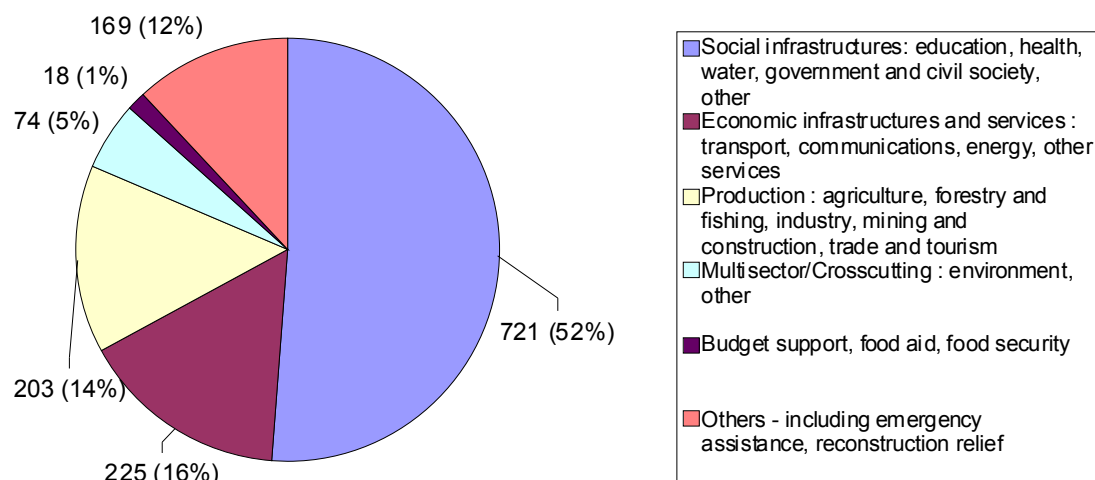
On the regional level, support for the energy sector will intensify in the eastern neighbourhood. Sustainable urban development and in particular the participation of cities from the European neighbourhood region in the Covenant of Mayors will continue to be a priority. In the social and cultural field, the first youth programme for the eastern countries will be launched in 2011. In the southern ENPI countries, regional programmes will focus on energy and climate change, building on the positive experience gained in the eastern neighbourhood.

**Table 3 ENPI - Breakdown by sector of external aid financed on the general EU Budget managed by EuropeAid in 2010**

**Commitments in € million**



**Disbursements in € million**



Bilateral and multilateral ODA (EuropeAid only).

**Table 4 ENPI - External aid financed on the general EU Budget managed by EuropeAid**

€ millions	2007	2008	2009	2010
<b>Commitments</b>	1 666	1 773	1 637	1 807
<b>Disbursements</b>	1 412	1 530	1 474	1 513

Bilateral and multilateral flows (EuropeAid only).

**Table 5 ENPI - General and sector budget support per country**

Commitments in € million

Country	GBS / SBS	Sector	Description	Total
Algeria	SBS	Water supply and sanitation - large systems	WATER II - Support programme to water and sanitation sectors	30.00
Armenia	GBS	General budget support	Programme to improve public finance management, public sector transparency and regulatory convergence in trade related matters	21.00
Egypt	SBS	Water resources policy and administrative management	Water sector reform programme (WSRP-II)	120.00
Georgia	SBS	Decentralisation and support to subnational government	Support to regional development reform in Georgia	19.00
Georgia	SBS	Public finance management	Support to Public Finance Management Reforms - Phase II	11.00
Jordan	SBS	Public finance management	Support to the Public Financial Management Reform Programme	45.00
Moldova	SBS	Small and medium-sized enterprises development	Support to economic stimulation in rural areas	45.00
Morocco	SBS	Education policy and administrative management	Support programme to the implementation of the education strategy	20.00
Morocco	SBS	Road transport	Support programme : improved access for isolated populations	55.00
Morocco	SBS	Basic life skills for youth and adults	Support to the national strategy for literacy and non formal education	10.00
Morocco	SBS	Agricultural development	Support to the agriculture sectoral apolicy	70.00
Tunisia	SBS	Water resources policy and administrative management	Support programme to public policies in the area of water resources management for rural and agriculture development	57.00
Tunisia	GBS	General budget support	Support programme for integration	20.00
Ukraine	SBS	Legal and judicial development	Support to the border management sector policy in Ukraine	66.00
<b>Grand Total</b>				<b>589.00</b>

GBS : general budget support

SBS : sector budget support

### 2.1.2. Middle East

#### 2.1.2.1. Introduction

In the oil-rich Middle East with its majority of high-income countries, the Development Cooperation Instrument (DCI) covers only three countries – Iraq, Iran and Yemen. The diversity of these countries and their situation are reflected in the specific approach the EU has adopted for each one.

The national elections which took place in March were the main political event in **Iraq** in 2010. The EU deployed an election assessment team to survey and report on the elections, so as to enhance the transparency of the electoral process and demonstrate the EU's commitment to supporting democracy in Iraq. Since 2005, the EU has spent more than €80 million on support for the democratic process. Although the March 2010 election event itself was a success, the close result of the vote, leaving the two major blocks with nearly the same number of votes, made the formation of a new government a difficult task. Despite the absence of a new government, security in Iraq improved further during 2010. This enabled the EU to continue moving from emergency reconstruction activities towards long-term capacity-

building. Medium-term activities will therefore concentrate on the sustainability of Iraq's institutions, on strengthening the capacity of Iraq's governance structure and rule of law system and on providing more and better-quality basic services (health, education, water and sanitation).

In parallel, the platform for future EU-Iraq relations was considerably broadened in 2010, with the signing of a memorandum of understanding on energy cooperation in January, the inauguration of the draft Partnership and Cooperation Agreement to be signed in 2011, and the adoption in November of the first multiannual Strategy Paper for assistance to Iraq (€58.7million for 2011-2013). Together, these three mutually-agreed documents will form the basis for close cooperation between Iraq and the EU in a number of areas, from trade and economic relations to academic exchanges and development support. This should pave the way for the implementation of an increasing number of initiatives, initially between government institutions, and later between businesses and civil society on both sides.

Given **Yemen's** continuing instability, the EU adopted its 'comprehensive approach' (October 2009), pulling together actions by the EU, its Member States, and key international partners in a shared agenda for development, and economic and political reform. It committed €18 million for two programmes on fisheries and on the rule of law and human rights and devoted another €15 million to a peace-building partnership programme. Support was also provided through the EU's food facility. Active engagement in the multilateral 'Friends of Yemen' process during 2010 reflected the EU's desire to work with Yemen and all its partners to halt economic decline and social and political unrest. The new National Indicative Programme for 2011-2013 foresees a 35% increase in funding (DCI), with a total of €71 million for the period.

EU cooperation activities in **Iran** remained limited to non-sensitive areas (anti-narcotics, Afghan refugees) and were channelled through non-state actors. As part of EU public diplomacy efforts, Persian-language (Farsi) TV broadcasts started in October 2010. A further round of UN – previously EU – restrictive measures in 2010 was adopted as part of the dual track strategy to persuade Iran to enter a dialogue on its nuclear energy programme.

#### 2.1.2.2. Aid effectiveness and donor coordination

The European Commission places great emphasis on coordination among aid donors as part of an Iraqi-owned strategy, and is therefore a major participant in all coordination efforts. In the past, donor coordination in Iraq was handled by the International Reconstruction Fund Facility (IRFF) for Iraq, a multi-donor trust fund which is now being phased out. Donors and international organisations are presently moving towards bilaterally funded, but coordinated, programming and management. The Iraq partners' forum facilitates the exchange of information on individual initiatives and efforts to agree on common approaches. However, coordination work in Iraq is challenging, in view of the enormous needs of the country and the continuing difficult security situation. On the EU side, nevertheless, the regular development counsellors meetings, chaired by the EU delegation in Baghdad, ensures coordination and information exchange at local level among all EU Member States present on the ground. The joint strategy paper 2011-2013 for cooperation with Iraq, issued jointly by the EU, Italy and Sweden (plus Germany at a later stage) at the end of 2010, was an important step to improve the collaboration process.

Yemen is a signatory to the Paris Declaration and is committed to applying the aid effectiveness principles in its economic development. It has created an aid harmonisation and

alignment unit inside the ministry of planning and international cooperation and has taken an active part in all recent related fora. However, as in other areas, ownership of the coordination work is hampered by the lack of capacity in Yemeni institutions. Donors tend therefore to complement formal coordination instances, which are still weak, with informal *ad-hoc* meetings, in view of the small number of international donors present in the country and the close relationship between them. Due to the lack of capacity, implementation units have been set up separate from state institutions, which gives rise to ownership and sustainability problems. The EU actively supports government efforts to improve their ownership capacity of cooperation programmes. For each programme, the EU carefully examines with the government the implementation setup required and the means to maximise ownership of the programme by the beneficiary organisations and to ensure sustainability of results once the programme is closed.

#### 2.1.2.3. Working towards the MDGs

Iran, Iraq and Yemen are making some progress towards achieving the MDGs by 2015, although this is uneven across the three countries.

In Iran progress has been good on most indicators, with the main challenges remaining in the areas of gender equality and HIV/AIDS. A third area requiring stronger efforts remains environmental sustainability.

In Iraq the main challenge is to improve the quality of life of the population, in the midst of the continuing political instability and insecurity. Recognising this, almost half Commission assistance to date has been allocated to basic services such as education, health, infrastructure and water and sanitation. But in present circumstances it is hard to obtain reliable and regular MDG data. However, in a medium-income country like Iraq and in view of its potential, progress in these goals will be closely linked to improvements in the political and security situation in coming years.

In contrast, Yemen represents the biggest single development challenge in the Middle East. It is a country of deep-rooted tradition endowed with limited resources, scarce water, limited arable land and fast declining oil reserves. It is the only poor country in a rich Gulf region, ranked 133 out of 169 countries in the 2010 UNDP Human Development Index. Nearly 45% of the population live on less than \$2 per day. Progress has been made in some areas, such as primary education, but child and maternal mortality are still very high although improving, while gender inequality is one of the highest in the world. EU support to Yemen concentrates on direct action on poverty reduction and progress towards the MDGs in three main areas: food security, health and good governance. Important improvements have been achieved in recent years, but most baselines are, and will remain, relatively low.

#### 2.1.2.4. Implementation and results

EU reconstruction aid to Iraq since 2003 totals over €900 million. The bulk of the assistance has concentrated on two main areas: support for good governance and the political transition process; and the delivery of basic services to the population. For security reasons, EU support was principally channelled through the International Reconstruction Fund Facility for Iraq from 2004-2007. From 2008 onwards, the EU and other donors decided to phase out the IRFFI, in recognition of the gradual normalisation of the situation and the need to focus on bilateral programmes.



In 2010, the EU focused on the continuing improvement of health services and the living conditions of internally displaced people and Iraqi refugees in neighbouring countries. It also provided targeted support to high-level education and financed a call for proposals for NGO-implemented projects. The implementation of ongoing projects continued on target throughout the year. The signature of a financing agreement with the government in August covering the 2009 special measure for Iraq has allowed the EU to start implementing the two major actions, both in the area of education.

EU support was instrumental in organising the crucial elections of 2009 and 2010. In the area of human rights, the EU is funding a programme which has allowed the physical and psychological rehabilitation of hundreds of torture victims, the organisation of regular visits to monitor living conditions in prisons throughout the country, and the creation of legal aid centres for the population.

Given the lack of dialogue with the government of Iran, EU assistance in 2010 continued to be implemented exclusively through thematic projects by Iranian and European non-state actors. Two new contracts were signed with NGOs in 2010 and four others were to be signed at the beginning of 2011.

Cooperation with Yemen is based on two main priorities. One is to assist the Yemeni government to promote good governance, with sub-priorities in the justice and human rights sectors. The second seeks to strengthen the government's capacities to fight poverty, in the areas of food security, health, fisheries and local development. In 2010, the Commission approved funding for projects in fisheries and human rights and the rule of law. The fisheries programme will try to carry out a much-needed assessment of fish stocks and expand the capacities of local communities to better manage the fishing activities. The human rights and the rule of law programme will focus on targeted support for the civil registry, very ineffective for the moment in Yemen, and a call for proposals from civil society for projects to strengthen gender equality and respect for human rights.

The results obtained by the different programmes are uneven. Cooperation with Yemen is totally implemented through a project approach with little local ownership. One particular success has been the pilot project on the introduction of conditional cash transfers to families depending on school attendance of their children, especially girls. The new law regulating the social welfare fund (passed with EU support) is allowing social protection to reach the poorest. A new pilot project on the introduction of conditional cash transfers to families depending on school attendance of their children, especially girls, is also providing its first and encouraging results.

#### **Irak: Restoration of the Al-Askari Shrine**

The Al-Askari Shrine in Samarra, one of the most important pilgrimage centres for Iraq's Shia community, was bombed in 2006 and 2007, destroying the minarets and dome of the mosque and unleashing a wave of violence across the country. The EU allocated €4 million to UNESCO under the UNDG Iraq Trust Fund for its restoration. This included cleaning the site, protecting ornamental elements, and classifying and storing architectural material. Training was also offered for Iraqi architects and engineers to enhance national capacity to perform such tasks on other damaged cultural and religious sites. This successful project has led to the Al-Askari Shrine once again becoming an active site of worship in Iraq. It is also a symbolic

example of peace and reconciliation in Iraq, since it is an important Shia place of worship in a city with a large Sunni majority.

#### 2.1.2.5. Outlook

In view of its growing involvement in the development of Yemen, the European Union decided in 2008 to upgrade its presence in Yemen to full Delegation status, doubling its operational personnel in the process. This upgrade was to be completed at the beginning of 2011, when the management of cooperation will be devolved to the Delegation. It comes at an opportune moment, in view of the increasingly complex regional security context and the economic difficulties the country faces. This situation has led the EU to increase its support to Yemen, through a 35% increase in the average amount of the Annual Action Programme for the coming three years, compared to the 2007-2010 period. This increase will allow additional support for good governance and for the health, social welfare and economic development sectors.

With the approval at the end of 2010 of the first EU Joint Strategy Paper for Iraq (covering the period 2011-2013), the EU is reinforcing its relations with Iraq, moving towards regular and strategic development cooperation. The country has a rich and diverse resource base, and the effective and efficient utilisation of these resources can lay the foundation for sustainable growth. The key role for the EU as part of the international community is to continue supporting Iraq in mobilising its own resources to improve the welfare of its people and rebuild its infrastructure. Future EU assistance will, therefore, concentrate on the sustainability of Iraq's institutions, the improvement of the management capacity of the civil service, and boosting the provision and quality of basic services.

## 2.2. The ACP region and Overseas Countries and Territories (OCTs)

The EU has been supporting ACP countries and OCTs for more than 50 years – the longest-lasting EU partnership with outside countries. The ACP group consists of 79 countries, all of whom except Cuba have signed the ACP-EU Partnership Agreement, also called the Cotonou Agreement: 48 African states, covering all of Sub-Saharan Africa, 15 states in the Caribbean and 15 in the Pacific.

The Cotonou agreement was signed in June 2000 and took effect in April 2003. It runs until 2020, and is revised every five years. The second revision was completed in 2010. The official signing ceremony took place in Ouagadougou, Burkina Faso, on 23 June and the revised agreement came into force on 1 November.

The second revision adapted the partnership to changes which have taken place in recent years: the growing importance of regional integration, the interdependence between security and development, challenges such as food security, HIV/AIDS, and the sustainability of fisheries. In addition, it addresses climate change as a major item for the EU-ACP partnership, alongside the new trade relationship and the role of economic partnership agreements to boost economic development and integration into the world economy. The revised agreement increases recognition of the role of national parliaments, local authorities, civil society and the private sector. Finally, it covers aid effectiveness and the role of other EU policies in development, including the EU's commitment to enhance the coherence of its policies.

The EU programmes and projects in the ACP region and in OCTs are financed from various sources. The bulk of the financing comes from the European Development Fund (EDF). Other funding comes from the EU's budget to support South Africa, sugar and banana producing countries, Greenland, and to finance global thematic programmes (see chapter 3).

The 10<sup>th</sup> EDF became operational on 1 July 2008 with funds progressively committed since then. Global EDF commitments in 2010 reached €2.66 billion. By the end of 2010, around 52% of the 10<sup>th</sup> EDF had been committed, putting the Commission well on track to meet the target to commit the entire resources of the 10<sup>th</sup> EDF by the end of 2013. Payments under the EDF reached a record high of €3.32 billion in 2010, compared to €3.13 billion in 2009.

During 2010, the Commission approved 50 annual action programmes for ACP countries. Of these, 39 were financed from the EDF (including six regional programmes). Another 11 were support measures for Sugar Protocol countries, financed from the EU budget for a total of €152 million. Here too payments reached a record level of €102 million. In 2010, €143.7 million from the EU budget were committed to South Africa, and €27.9 million to Greenland.

### *2.2.1. Sub-Saharan Africa*

#### *2.2.1.1. Introduction*

The third Africa-EU Summit was held in Tripoli (Libya) on 29-30 November. Leaders from the two continents assessed the progress achieved so far and agreed on the way forward, adopting the Tripoli declaration and the second action plan for 2011-2013. The summit theme, "Growth, investments and job creation" focused on ways to create more and inclusive growth.

The Summit declaration stated that the Joint Africa-EU Strategy (JAES) remains the appropriate framework for continent-to-continent relations. The JAES action plan builds on the achievements obtained to date and focuses on activities with a regional, continental or global dimension, which provide added value and new initiatives to deliver more concrete results.

The JAES remains a strong people-centred partnership. This approach was reflected in the run-up to the summit: 15 side-events were organised to discuss various aspects of the partnership. At events such as the parliamentary pre-summit, the business forum, the youth summit or the first intercontinental civil society forum, stakeholders debated ways to deepen the cooperation between the two continents and to improve the strategy. The result of their discussions was presented to African and European leaders.

Prior to the summit, work continued within the eight thematic partnerships of the JAES (peace and security; democratic governance and human rights; trade, regional integration and infrastructure; MDGs; energy; climate change; migration, mobility and employment; and science, information society and space). By 2010, the work done under the JAES reached full speed and the implementation of the first action plan advanced successfully.

This work resulted in an increased political and policy dialogue between the two continents at various levels. For example, the EU and the African Union Peace and Security Council held their third joint consultative meeting, while the partnership on democratic governance and human rights launched an EU-Africa platform for dialogue. A high-level meeting on energy which was held in September in Vienna led to the adoption of a declaration and a road map.

African and European leaders also decided to launch the Africa-EU Renewable Energy Cooperation Programme to provide the basis for renewable energy cooperation.

In parallel, concrete projects were also launched or pursued in all eight thematic partnerships. The long list of projects includes action against small arms and light weapons, a travelling exhibition on African art, the ACP observatory on migration, the Nyerere programme, the Caprivi electricity interconnector, the east Africa submarine cable system, the popularisation of science and technology, and the promotion of public participation.

#### 2.2.1.2. Aid effectiveness and donor coordination

In 2010, the Commission continued efforts to strengthen aid effectiveness in Africa. The EU Council conclusions on the operational framework for aid effectiveness adopted in November 2009 created momentum to strengthen the work conducted at field level in many countries.

The level of donor coordination varies from country to country. The large number of development partners present in some countries can make coordination difficult. In countries where only a few partners are present like the Central African Republic, the Commission plays a leading role in several sectors simultaneously in order to advance coordinated reconstruction and peace-building activities. In the context of the Fast Track Initiative on the division of labour in the ACP group, the Commission is lead facilitator in Ethiopia, Mali, Mozambique, and Tanzania.

In Tanzania, the EU Delegation remains a driving force for better division of labour among donors, who between them contribute around 30% to the national budget. Division of labour has resulted in a streamlined donor matrix with a clear attribution of roles for donors in each sector (lead donor, active donor, contributing donor). The EU delegation also coordinated the EU work on a roadmap to implement the operational framework on aid effectiveness. During 2010, the EU (Commission and Member States) agreed on how to support the government in its review of the Tanzanian poverty reduction strategy paper (Mkukuta), and coordinated the EU position on the draft text. Moreover, the Commission and three member states (Germany, Denmark and Ireland) agreed to align more closely their general budget support (GBS) activities.

In 2010, progress was made in Ghana towards stronger local ownership of the development process, thanks to the Ghana government's aid policy and strategy which sets out how it wants to organise its relationship with the donor community. The Ghana Joint Assistance Strategy, signed by 16 development partners in 2007, expired in December 2010. A 2009 independent review of the strategy concluded that it had been useful in pushing the aid effectiveness agenda forward. Within the EU framework, discussions are under way on the need for a new joint partner's strategy for Ghana that should include the government and all partners on the content and the modalities of assistance. The joint programming process will also need to take account of Ghana's new status as a middle-income country and the roles of other donors, traditional and non-traditional. The EU is considering implementing joint programming, with the aim to be fully operational by 2014.

#### **Ghana - economic growth and poverty reduction**

Ghana's recent growth performance and poverty reduction is impressive. As a result, Ghana is considered to have achieved the MDG1 target of halving extreme poverty by 2015 – the first Sub-Saharan country to do so. The overall poverty rate declined

substantially from 51.7% in 1991-1992 to 28.5% in 2005-2006, putting the 2015 target of 26% within reach. Similarly, the proportion of the population living below the extreme poverty line declined from 36.5% to 18.2% over the same period against the 2015 target of 19%.

The decline in poverty is clearly linked to significant improvements in economic growth, which have been accompanied by increases in per capita income over time. Yet, the impact of economic growth has been uneven, widening big gaps between the rich and poor. Poverty remains predominantly concentrated in the three deprived regions (Northern, Upper West, and Upper East).

In Ghana, 70% of annual payments from the EU come in the form of EU budget support. General budget support has increased over the years and progressed from sector targets to the multi-donor budget support (MDBS) initiative which underpins the second Ghana poverty reduction strategy.

The Commission has now set up an MDG-contract of €175 million available for countries that show reliable policies aimed at reaching MDG targets.

Another positive example of greater aid effectiveness is Rwanda. The government is actively delivering on the Accra Agenda for Action commitments through strong leadership and management of its aid programme. The Commission supports this approach and in July it signed up to the first government-led donor division of labour agreement. According to this agreement, any given donor may only be active in three different sectors. For the Commission, the main sectors will remain transport, agriculture, and justice.

The Commission aligns its activities with country policies as much as possible in order to reduce transaction costs, strengthen government ownership and thus add to the sustainability of aid programmes. For example, €62.8 million (more than 75% of EU aid to Rwanda) was channelled through budget support in 2010. Several projects are managed directly by the Rwandan government via the "substantial decentralised mode", where country procedures are used instead of those of the Commission. These projects are implemented in the form of government-managed multi-donor basket funds. They include support for water and sanitation, statistics, and public finance management. There is a strong sense of mutual accountability in Rwanda. While development partners assess the government's performance in implementing its development strategy, the government assesses donor performance by means of a "donor performance assessment framework". The Commission ranks high in this assessment: it met 17 of the 23 targets and was thus amongst the top three partners in Rwanda.

Its work in Ghana, Tanzania and Rwanda, shows that the EU, in the various regions of Africa, is committed to implement on the ground the principles of aid effectiveness and the Accra Agenda for Action. The efforts of the Commission, EU Member States and beneficiary countries are of paramount importance to increase the impact of the aid, and will continue.

Throughout the year, the Commission continued to promote its results-based approach to budget support with disbursements being conditional on progress towards poverty reduction targets. A move towards a more systematic approach to assessing the impact of budget support through regular evaluations was also launched with pilot joint evaluations in Mali, Tanzania and Zambia.

In Malawi, the joint donor annual review was informed of the strong progress in child mortality and maternal mortality, particularly in rural areas. This reflects the scaling up of service delivery and improved procurement and storage of vital medical supplies that has been facilitated through budget support funds and underpinned by accompanying reforms to public financial management and service delivery systems. Child immunisation coverage against measles reached a high of 88% in 2009 while the skilled attendance for mothers in child birth also increased significantly from 45% in 2008 to 52% in 2009.

#### 2.2.1.3. Working towards the MDGs

Although many countries around the world are advancing towards the MDGs, a number, mostly in Sub-Saharan Africa, still lag behind in some areas. They need to move fast if they are to attain the MDGs by 2015. Whereas poverty has decreased since 1999 in Sub-Saharan Africa, it remains significant and still affects more than 50% of the population<sup>49</sup>. The recent food, economic and financial crises have made things worse. According to the World Bank, an additional 64 million people in the world, principally in Sub-Saharan Africa, were left in extreme poverty during 2010 because of the crises. The donor community, including the Commission and its Vulnerability Flex instrument (see section 2.2.1.4.), was mobilised against the effect of the crises on developing countries, and its impact on progress towards the MDGs.

Overall, hunger is decreasing in Sub-Saharan Africa but not fast enough to achieve MDG1, largely because of high population growth<sup>50</sup> in the region. The EU has been active in fighting hunger in Africa via its food facility and through specific food security projects. For instance, in 2010, the European Commission approved €7 million to help over a million small farmer families in Zimbabwe by improving crop and livestock production and market access.

Major progress has been made in terms of primary education in the ACP countries. However, although the enrolment rate in Sub-Saharan Africa has shown a positive trend since 1999, it remains the lowest worldwide. Furthermore, 30% of primary students drop out before their final grade. In order to reach MDG2, it is estimated that the number of teachers would need to double. Attaining MDG targets for gender equality in education remains a challenge in Sub-Saharan Africa. This is why the EU has supported, through education programmes over the past five years, the enrolment in secondary education of around 85 000 female students in ten Sub-Saharan countries.

In the health sector, infant mortality rates have fallen substantially in Sub-Saharan Africa. Deaths among under-fives in Eritrea and Malawi for instance have fallen each year by at least 4.5%. Ethiopia, Mozambique and Niger have also shown impressive progress with an absolute reduction of more than 100 deaths per 1000 live births since 1990. However, some Sub-Saharan countries continue to have extremely high levels of child mortality. Regarding maternal care, fewer than 50% of women received skilled assistance during delivery. Large inequalities between women in rural and urban zones for delivery assistance and antenatal care persist even if they have narrowed over the last decade. The highest adolescent birth rates are recorded in Sub-Saharan Africa where little progress has been achieved since 1990. Unmet needs for family planning remain high. One quarter of 15 to 49 year-old women, married or in union, wishing to use contraceptives do not have access to them. Many EU

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<sup>49</sup> Source for general data on MDGs provided in this section : 2010 UN MDG report

<sup>50</sup> Source: 2010 UNFPA State of World Population report

interventions directly target health-related MDGs. For instance, in 2010, the Commission committed €55 million to the project "EU support to immunisation governance in Nigeria", which aims at reducing child morbidity and mortality through better information and knowledge about key institutions for routine immunisation.

#### **An integrated approach to Guinea worm eradication in northern Ghana**

In Ghana, guinea worm disease, a parasitic illness contracted through drinking contaminated water, has affected populations for as long as anyone can remember. Ghana is one of four remaining countries (all in sub-Saharan Africa) where the disease still persists. The European Commission, through its programme of water supply and sanitation, has implemented 236 water schemes serving 147 916 people and reduced the annual number of guinea worm cases from 3 358 to eight between 2007 and 2010. Thanks to this programme, children fall sick less often and can actively participate in classroom activities. Women and children are freed from the burden of fetching water; families live in more hygienic environments and enjoy access and use of improved sanitation facilities.

Sub-Saharan Africa is the worst affected region in the world for HIV infections, representing, in 2008, 72% of all new HIV cases. Eighty percent of the children who have lost one or two parents due to AIDS are from this region. Although knowledge about HIV prevention is fundamental, it is still significantly lower in most Sub-Saharan African countries. However, countries like Rwanda and Namibia have registered a big rise in knowledge levels in recent years. The Commission has been involved in raising HIV awareness in Malawi and Mozambique via the use of trade corridors as networks to provide testing, counselling and care services.

In terms of environmental sustainability (MDG7), Africa continues to show the largest net losses of forest area (together with South America), with a decrease of 3.4 million hectares per year over the last decade. The EU actively combats deforestation, notably through the Forest Law Enforcement, Governance and Trade (FLEGT) action plan. The plan provides for the conclusion of FLEGT voluntary partnership agreements (VPAs) with timber-producing countries that wish to eliminate illegal timber from their trade with the EU. The first VPA was with Ghana. Agreements with Republic of Congo, Cameroon and the Central African Republic are being ratified, and negotiations were ongoing during 2010 with several other countries: Liberia, Gabon and the Democratic Republic of Congo. The EU also supports numerous programmes to protect biodiversity and ecosystems. For instance, in November 2010, the Commission granted €17.4 million to the "Parcs de l'entente" project to protect ecosystems covering Benin, Burkina Faso and Niger.

The effects of climate change, notably droughts, can seriously hinder the development of African countries. In 2007 the EU launched the Global Climate Change Alliance (GCCA) to prepare and adapt to the effects of climate change. Under this initiative, in 2010, the EU committed €13.7 million to Ethiopia and €10.2 million to Mozambique bringing to eight the number of African countries benefiting from the GCCA together with Mali, Mauritius, Rwanda, Senegal, Seychelles and Tanzania.

#### **Regional programme for the sustainable management of coastal zones of the countries of the Indian Ocean**

Indian Ocean populations are highly dependent on marine and coastal resources for their livelihoods. However, a growing population, overfishing, mangrove removal and pollution have put pressure on these resources. Through its programme, the European Commission had two objectives: reverse the negative impact of these activities on the resources and economies of the countries concerned, and promote the sustainable use of marine and coastal resources with the direct involvement of local communities. The programme has led to operational Integrated Coastal Zone Management (ICZM) institutions and organisations in Comoros, Kenya, Madagascar, Mauritius, Seychelles and Tanzania. It has improved the capacity of partner governments, NGOs and local communities to manage coastal resources effectively and has enhanced sustainable livelihood opportunities for more than 100 coastal villages. The programme has also brought better local infrastructure, waste management and sanitation facilities to more than 20 coastal villages. It has increased environmental awareness among children, young people, fishermen and local communities thanks to 18 communication projects and a regional school contest.

#### 2.2.1.4. Implementation and results

In 2010, the EDF committed €1.75 billion of aid to Sub-Saharan Africa. Disbursements during the year amounted to €2.48 billion. In addition, major programmes benefiting Sub-Saharan Africa were adopted in the framework of the intra-ACP annual action programme (see 2.2.4 below "All ACP programmes").

During 2010 the Commission continued to deliver budget support programmes to Africa for poverty reduction with a continued strong focus on the MDGs. In close collaboration with the International Monetary Fund, it also continued the efforts begun in 2009 to combat the short-term fiscal impact of the economic crisis on the most vulnerable countries through the Vulnerability Flex instrument.

In 2010, the level of new commitments under budget support was €495 million<sup>51</sup>. Disbursements continued at a steady pace of €882.1 million from the EDF and €140.6 million from the EU budget, bringing the total to €1.02 billion. The V-FLEX instrument provided much-needed short-term support to allow countries to maintain poverty focused programmes in the face of tighter fiscal constraints. During 2010 additional V-FLEX resources were mobilised for 11 African countries (Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Lesotho, Liberia, Malawi, DRC, Sierra Leone and Togo) to bridge financing gaps they faced which could potentially have undermined recent progress toward the MDGs. V-FLEX allowed the respective governments to maintain progress in poverty reduction whilst underpinning macroeconomic stability in an increasingly challenging international environment. V-FLEX disbursements amounted to €161.5 million in 2010. Budget support disbursements were also made under the EU food facility in DRC, Ghana, Mozambique, Rwanda, Tanzania and Togo.

Implementation of regional indicative programmes under the 10<sup>th</sup> EDF is getting under way. In central Africa, funds were committed for the first important programmes. The EU continued its long-standing involvement in biodiversity in the region through the ECOFAC programme ("Ecosystèmes Fragilisés de l'Afrique Centrale"; €30 million). The EU also

<sup>51</sup> Figures provided in this section exclude South Africa (see below, section 2.2.1.7 "South Africa")



adopted a support programme for peace and security (€12 million) to increase the region's capacity to promote peace, security and conflict prevention. Both programmes are implemented with the Economic Community of Central African States.

In 2010, the EU contributed €45 million to the support programme for the Economic Community of the Great Lakes Countries (CEPGL). This programme aims to foster dialogue between the three countries concerned (Burundi, DRC and Rwanda), develop cross-border infrastructures and support the joint development and management of the significant hydro-power potential of the Ruzizi river in collaboration with other financing partners.

At country level, on top of EDF funding, the EU adopted new projects and programmes financed from the EU budget. This included €40 million for six Sub-Saharan countries (Republic of Congo, Ivory Coast, Kenya, Swaziland, Mauritius and Zimbabwe) as part of the accompanying measures for Sugar Protocol countries. Under the food facility, €121 million were committed to support food security in Sub-Saharan African countries. Tanzania benefited from a €32.4 million commitment in 2010, €20 million the form of budget support and €12.4 via a call for proposals.

#### **Improving food security in Ethiopia – The productive safety-net programme**

Chronic poverty and food insecurity remains a challenge in Ethiopia where 35% of rural households live below the food poverty line. Most of them are engaged in subsistence farming on small plots of degraded land where they are extremely vulnerable to weather fluctuations. These factors limit their capacity to meet fully their most basic consumption needs even in years when rainfall is adequate.

The productive safety-net programme (PSNP) aims to achieve food self-sufficiency for chronic and transitory food insecure households. Initiated in 2005, the programme is helping the food-insecure population in about 300 woredas (districts) with 7.4 million beneficiaries in 2010, to preserve their assets and build community assets which create more favourable environmental conditions for increasing their production capacity.

In December 2010, the Commission committed an additional €58 million to the PSNP, bringing the total amount committed to the programme to €241.3 million, 66% of which is actually disbursed.

The EU also continued its action in fragile countries. As the biggest donor in the Central African Republic (CAR) with 10<sup>th</sup> EDF funding of €137 million, the EU plays a leading role in sectors like democratic governance, justice, security sector reform, infrastructure, public financial management, and rural development. The CAR is a classic example of a donor orphan, having received aid worth \$178 million in 2007 compared with a Sub-Saharan average of \$470 million. The EU plays a major role, for instance, in consolidation of democracy and in 2010 committed €9.5 million to support the electoral process.

#### **The fight against child trafficking in Benin**

Child trafficking is a complex and sensitive issue in Benin, where it is one of the worst human rights violations. It takes the form of internal child trafficking, (with more than 67 000 children being exploited as domestic servants or in informal

businesses) or sent to neighbouring countries (mainly Nigeria) as cheap manual labour. Benin is also an important transit country in west Africa.

An EU-funded project (€3.5 million) is being implemented in Benin to strengthen government institutions and civil society organisations dealing with child trafficking. The goal is to provide immediate support to victims and to address the root causes. By the end of the project, more than 5 000 children will have participated in various types of activities (training or care).

In the governance sector, the EU action has contributed to enhance participation of citizens in public life. For instance in Malawi, the "National Initiative for Civic Education", which benefited from an EU contribution of €8.9 million, facilitated citizens' participation in democratic decision-making at community, district and national level, and supported capacity-building of civil society organisations.

The EU has been very active in the transport sector in Sub-Saharan Africa. It is estimated that the grants provided by the EU since 2004 have helped build and rehabilitate more than 7 200 km of roads and maintain another 29 000 km. EU grants have also contributed to improved road management capacities, lowering transport costs and improving regional mobility.

In the domain of food security, the Commission disbursed €14.9 million under the food security budget support programme in the summer of 2010 for Niger, where over half the population was in a state of food insecurity. This is estimated to have saved about 700 000 families from famine.

In the health sector, the project "Capacity building and clinical trials of new tuberculosis vaccines in Africa" (€5 million) built capacity and facilities for clinical trials of a leading new tuberculosis vaccine in South Africa and in Senegal. In the case of South Africa, a digital X-Ray system was purchased, which has improved the clinical capabilities and corresponding patient care. Clinical trials of the new TB vaccine are now ongoing. In Senegal, all facilities for performing a clinical trial have now been set up, including staff, offices, clinics, laboratories and equipment. As a result, Senegal has become a leading clinical trial site in Africa.

In the area of research, 66 projects were financed following a €72 million call for proposals under the Seventh Framework Programme (FP7). The focus was on water, food security and health, and required cooperation between European and African researchers. Funding for the period 2007-2010 was also available for collaborative research in the following sectors: HIV/AIDS (€83 million); tuberculosis (€65 million); malaria (€56 million). Neglected infectious disease and reproductive and maternal health research were addressed. The European and Developing Countries Clinical Trials Partnership (EDCTP)<sup>52</sup> also got support.

Overall, despite the numerous positive results observed at micro-level, the macro-results are less significant. In situations of fragility, focus on stabilisation is crucial. Often, simply preventing living conditions from worsening is a positive achievement. Several instruments and programmes (governance programmes, Peace Facility, Instrument for Stability, etc.) are in place to promote political stability.

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<sup>52</sup> EDCTP: [http://www.edctp.org/About\\_EDCTP.2.0.html](http://www.edctp.org/About_EDCTP.2.0.html)

### **Governance and institutional reform: support for the General Audit Commission in Liberia**

Liberia has had a General Auditing Office since 1972, with a mandate to audit all government accounts. In 2005, the General Auditing Commission (GAC) was created, as an independent body reporting to parliament, in order to comply with international best practice. EU funding helped the GAC to strengthen its capacity, increase accountability, transparency and efficiency of public finance management, and ensure sustainable human resources management systems. This project helped enact necessary financial reforms, prior to the decision of bilateral and multilateral creditors to grant Liberia debt relief of \$4.6 billion in June 2010. It also led to the submission to the national legislature of 37 audit reports over the period 2007-2010 and the establishment of a quality assurance department and quality control manual within the institution. Furthermore, 353 GAC staff attended local training courses.

The Commission worked to better equip West African countries to tackle drug trafficking. Jointly with Europol, it supported two cooperation platforms set up by EU Member States in Ghana (Accra) and Senegal (Dakar). These platforms facilitate the exchange of information on capacity-building projects in West Africa, and of operational information. The EU continued to finance the 'cocaine route programme', under which major projects like AIRCOP and SEACOP became operational. The Commission also supported EU Member States' initiatives focused on combating drug trafficking along the cocaine route, such as the Fontanot Group, and took part in their work.

#### **2.2.1.5. Monitoring**

In 2010, 395 ongoing national projects and eight regional programmes representing a total EU commitment of almost €2.4 billion were monitored in Sub-Saharan Africa. Another 65 completed projects (*ex-post* monitoring) which received total EU funding of €542 million were monitored at national level<sup>53</sup>.

Analysis of the results reveals that 61% of ongoing national projects are very good or good, 27% present problems and 12% are experiencing major difficulties. Overall, 75% of projects monitored received very good and good ratings for relevance and design. In terms of efficiency, performance was less good, with 43% of projects monitored facing problems and 6% revealing major difficulties in terms of input used and implementation of activities. In aid effectiveness, 45% experienced difficulties and 8% showed serious deficiencies, while on sustainability 41% experienced problems. Inadequate risk management and weak adaptation capability are among the factors that often hamper the achievement of project objectives. However, despite this, potential impact remains very good or good for 70% of projects monitored.

Sectors mostly concerned by external monitoring were social infrastructure and services (182 projects monitored with a total budget of €975 million) and economic infrastructure and services (49 projects worth €739 million). Sixty percent of social infrastructure projects monitored received very good and good scores, especially in the fields of health, education and water and sanitation. For example, the external monitoring mission to Swaziland revealed

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<sup>53</sup> Figures include South Africa

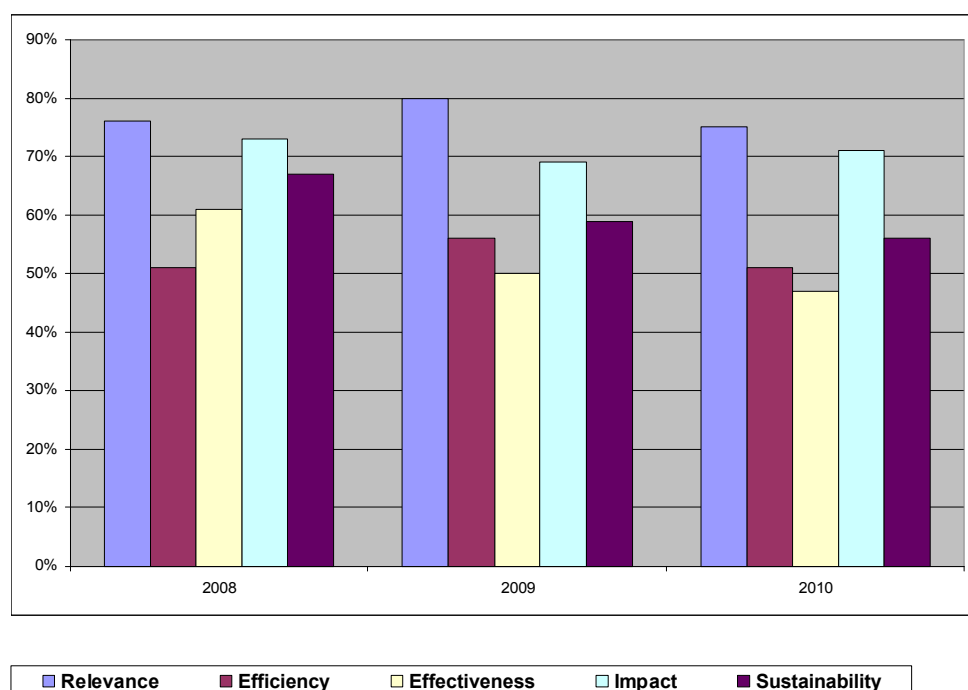
how a capacity-building project based on community support activities can effectively contribute to the reduce the incidence of new cases of HIV/AIDS.

In the economic infrastructure sector, delivery of aid was even more effective, with 65% of national ongoing projects doing very well or well and only 6% facing major difficulties (the remaining 29% performing with problems).

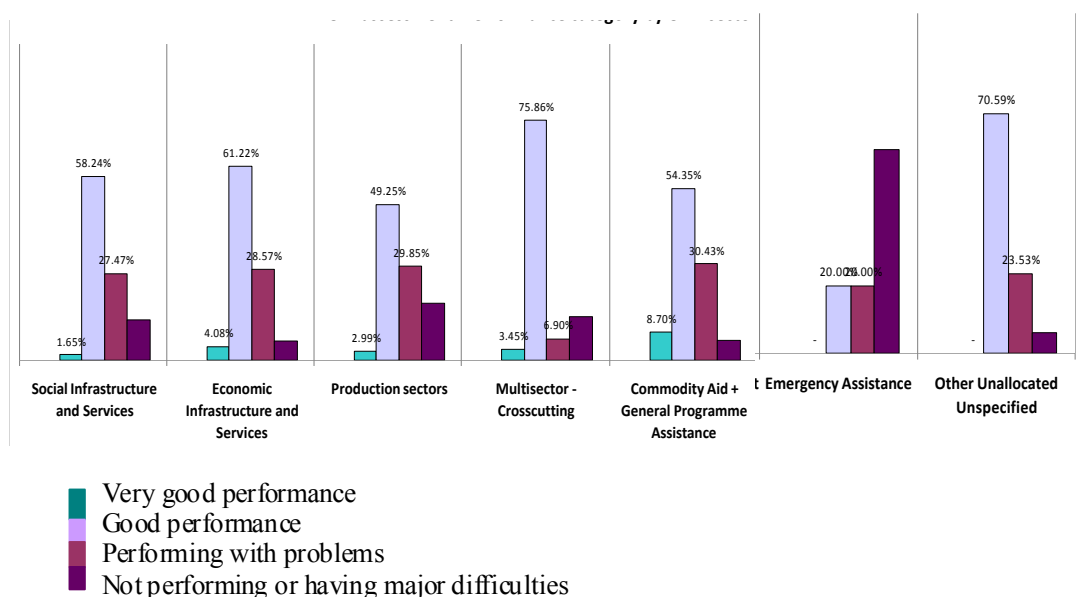
Eight sector policy support programmes in Benin, Ghana, South Africa and Mozambique representing a total EU commitment of €236 million were assessed. According to the external monitoring missions, none is facing major problems. Four are performing with some problems and four are doing well.

A particularly positive example highlighted by the external monitoring mission is the support programme for decentralisation reform in Benin, which aims at strengthening the capacities of the municipalities in order to boost local development and improve the services delivered to the population. Another example of a very well-performing budget support programme is the legislative sector policy support programme in South Africa. According to the external monitors, this programme is effectively contributing to the process of deepening parliamentary democracy and developing representative democracy.

**Table 6 Africa- Very good and good ROM scores per evaluation criteria 2008-2010**



**Table 7 Africa- Performance of projects per ODA sector (%)**



### 2.2.1.6. Outlook

As of 2011, the Commission will start implementing the Banana Accompanying Measures (BAM), paid for from the EU budget for the benefit of ACP banana producers Cameroon, Ghana and the Ivory Coast, as well as seven Caribbean countries.

The EU will continue working at pan-African level with the African Union, following the Tripoli summit of November 2010, particularly on the Joint Africa-EU Strategy and its second action plan.

Mid-term reviews of the 10<sup>th</sup> EDF country strategy papers will be finalised in 2011. They will focus on the MDGs as part of the initiative launched by the European Commission at the UN summit on MDGs in September 2010 with a funding pledge of €1 billion from the EDF. Specific attention will be given to the most off-track MDGs: fighting poverty and hunger (MDG1), child mortality and maternal health (MDGs 4 & 5) and access to water and sanitation (MDG7).

The EDF will undergo a general performance review in 2011. It will contain proposals for the EU's multiannual financial framework for 2014-2020 and the use of leftovers from the 9<sup>th</sup> EDF.

Following the Council decision allocating €150 million from the 9<sup>th</sup> EDF to address the needs of the most vulnerable population in Sudan<sup>54</sup>, the Commission should adopt in 2011 a special support programme to provide assistance notably in the fields of food security/agriculture development, basic services and democratic governance.

### *South Africa*

<sup>54</sup>

Council Decision No 2010/406/EU of 12 July 2010 on the allocation of the funds de-committed from projects under the ninth and previous European Development Funds (EDF) for the purpose of addressing the needs of the most vulnerable population in Sudan (OJ L 189)

#### 2.2.1.7. Introduction

Over the past 15 years, relations between the EU and South Africa have grown steadily closer. Today, the EU and South Africa cooperate on a broad range of political, trade and economic matters, as well as on science and technology, environment and energy.

In recognition of South Africa's role as an emerging economy and as a key player in peace and security matters on the African continent, the EU and South Africa entered a strategic partnership in 2007 and adopted a joint-action plan. During 2010, further steps were taken to strengthen ties.

Progress was reviewed at the third annual South Africa-EU summit in Brussels in September 2010. The summit expressed satisfaction at the implementation of the joint action plan, as well as the various high-level political dialogues which took place during the year. It also discussed global issues and peace and security matters, in the light of South Africa's role as a leading player in Africa and potential bridge-builder, notably in the international negotiations on climate change and the building of an effective multilateral system (UN, G20, etc).

The EU and South Africa continued in 2010 their dialogue on peace and security with a view to developing converging approaches on conflict resolution issues. South Africa and the EU have expanded cooperation and technical work to cover migration, human rights, crime and justice, health, energy, higher education, environment, science and technology, ICT, transport and customs and statistics. Concerning space collaboration, the EU and South Africa continued their work on extending the coverage of the European Geostationary Navigation Overlay Service (EGNOS) to South Africa and on cooperation to extend coverage of the global navigation satellite systems (GNSS) to South African airspace, and setting up a Galileo ground station in South Africa.

#### 2.2.1.8. Aid effectiveness and donor coordination

The EU and its Member States are constantly working to improve aid effectiveness, a key objective of the 2007-2013 South Africa-EU joint country strategy. Alignment with South Africa's national development strategies has been assured by the joint South Africa-EU country strategy (2007-2013), endorsed by the South African government, the Commission and the 11 EU Member States active in providing development assistance to the country. Under this joint strategy, all European partners agree to focus on the same goals: promotion of pro-poor and sustainable economic growth, capacity-building and provision of basic services for the poor, and good governance.

The EU has also put in place donor coordination mechanisms – the so-called EU+ working groups in health, education, science/technology, employment and governance. These are platforms where EU and non-EU partners exchange information and coordinate projects and programmes in consultation with South African counterparts. The result has been progress in terms of enhanced cooperation and division of labour (e.g. joint programmes in land-reform, public service and youth empowerment, with several EU partners).

A substantial move towards budget support has also contributed to improve aid effectiveness through the use of national procedures, quicker disbursement and increased ownership and predictability.

In the health sector, government-led coordination is currently being taken to another level. For example, the government is now leading regular strategic/technical meetings with development partners in an effort to better align and harmonise their activities. The parties involved are to sign a far-reaching aid effectiveness framework agreement, reflecting a new outcome-based approach from the health department.

#### 2.2.1.9. Working towards the MDGs

Overall, South Africa has advanced towards meeting MDG targets, especially in relation to poverty reduction and education, while progress on health and HIV/AIDS has proved more difficult. According to the latest MDG report submitted to the UN in September 2010, the population living below \$1 (at purchasing power parity) per day (MDG1) is estimated to have halved compared to the 2000 level. This is largely due to the national social grant system put in place in 2000 which contributed to improving the revenue of the poorest part of the population. The EU is currently supporting the national employment plan to enable net job creation and consequent improvement of income indicators.

Although consistently high enrolment ratios in primary education since 2002 are likely to enable South Africa to reach its MDG2 target in 2015, the quality of the education system is a cause for concern. The EU seeks to address this through its biggest-ever programme in South Africa (the primary education support programme worth €122.7 million).

In the health sector, 2015 targets for MDGs 4, 5 and 6 are far from being reached with the HIV/Aids epidemic the leading cause of under-performance. South Africa now has the largest HIV/AIDS treatment programme in the world and the strong political commitment shown by the government in 2010 gives hope that the spread of HIV can soon be reversed with positive impact on maternal health and child mortality. The EU is the biggest donor in the health and HIV/AIDS sector in South Africa and will put further emphasis on strengthening primary health-care.

#### 2.2.1.10. Implementation and results

The 2010 annual action programme for South Africa committed a total of €143.7 million as follows:

- a primary health care programme (€126 million sector budget support),
- contributions to two regional (intra-ACP) projects – Nyerere academic mobility scheme (€5 million) and science and technology (€3 million),
- a top-up of the Erasmus Mundus-II programme (€3 million),
- a technical cooperation facility (€6.7 million).

The package follows the pattern of previous years, delivering about 90% of new commitments in the form of sector budget support. Disbursements rose to €113 million in 2010, compared to €106 million in 2009.

**South Africa – higher education HIV & AIDS**

The €20 million higher education HIV & AIDS programme which ended in March 2010 supported the department of higher education and training and the 23 public higher education institutions (HEIs) in South Africa to meet the challenges posed by the HIV/AIDS pandemic. Amongst the programme's achievements were the adoption of a national policy framework on HIV/AIDS in the higher education sector, the development of a sustainable funding model for addressing HIV/AIDS in this sector, the documentation of good practices with respect to prevention, the piloting of an HIV/AIDS module for students, the development of a workplace policy framework for HEIs, and the strengthening of on-campus services (counselling and testing, HIV treatment etc) for students and staff. Of particular significance are the results of a study on HIV prevalence amongst 23 000 students and staff undertaken by the programme, which now provides a solid basis for future planning and resourcing.

The EU also supports regional cooperation via programmes with the Southern African Development Community (SADC) and contributions to intra-ACP projects. For the government of South Africa, regional trade and political cooperation remain priorities alongside greater South-South cooperation. In this respect, it aims to take a more pro-active development cooperation role on the African continent through the establishment of a development partnership agency in 2011, to boost regional cooperation and to improve donor coordination. Trilateral cooperation between the EU, South Africa, and its African partners is envisaged in the South Africa-EU strategic partnership joint action plan.

#### **South Africa - Creating jobs through local economic development**

The €38.5 million KwaZulu-Natal local economic development support programme (Gijima-LED) aims at improving the quality of life for the people of KwaZulu-Natal. This province has the second largest provincial economy in South Africa but also its highest unemployment rate. Between 2002 and 2010, 219 projects were supported through grant funding of €12.6 million which attracted additional public and private investment of €16 million. Over 100 business partnerships have been established, which contributed to the creation of 4 255 sustainable jobs. Women occupied more than 50% of these jobs. A total of 1 064 people have been trained in aspects of local economic development, while 10 018 people have been included in HIV/AIDS mitigation plans. Sustainability of the programme has been secured by the provincial government through a successor programme (Gijima LED II), which will be funded completely through national and provincial public funds and private resources.

The country strategy for South Africa for 2007-2013 strongly focuses on employment creation and social services. The shift to budget support, representing about 90% of all new commitments, is highly appreciated by national authorities and has improved the quality of aid delivery in various aspects, such as national ownership, substantial reduction in administrative costs, predictability and focus on results. The 2009-2010 mid-term review concludes that EU aid delivery has made good progress by concentrating on fewer but larger actions with bigger impact on national policy priorities.

The critical sectors of education and health services have been targeted over the last two years with new programmes on primary education and primary health-care being approved in 2009 and 2010 (representing a total value of around €250 million). Their impact is expected to be high in terms of improved learner performance in literacy/numeracy and better access to



antiretroviral treatment for HIV-positive pregnant women. Under the employment programme, job creation activities and projects are gaining momentum.

#### 2.2.1.11.Outlook

EU development cooperation policies will continue to focus on employment and social services, targeting a significant reduction in poverty gaps in the years to come. For the period 2011-2013, it will concentrate on service delivery/public finance management, climate change and sustainable development, as well as regional and pan-African cooperation activities. The 2011 annual action programme provides for a national development policy support programme, mainly using budget support and aimed at strengthening key government priorities on poverty reduction as well as cross-cutting issues such as public finance management and local service delivery. More regional cooperation activities are planned through a contribution to the Edulink programme for capacity development in higher education, and the extension of the current legislative sector policy support programme to regional activities. Support for South African participation in the Erasmus Mundus programme will also continue.

#### 2.2.2. *Caribbean*

##### 2.2.2.1. Introduction

The EU strategy for the Caribbean is built around a future vision founded on a history of shared values. It will exploit to the full the opportunities contained in the Cotonou Agreement. In addition, the commitment made at the EU-Caribbean Forum (CARIFORUM) meeting in Madrid in May 2010 to develop a joint strategy demonstrates the shared wish for an enhanced EU-Caribbean political partnership to meet a variety of challenges:

- tackling economic and environmental opportunities and vulnerabilities;
- promoting social cohesion, and combating poverty and HIV/AIDS;
- promoting regional integration;
- reconstructing Haiti;
- fighting illicit drugs and tax fraud;
- Optimising joint action in multilateral fora.

Further steps were taken to strengthen donor coordination with bilateral and multilateral donors active in the region. Information sharing has become more systematic and regular.

Following the January 2010 earthquake in Haiti, the EU is participating actively in multi-donor efforts to rebuild the country and is part of the Interim Haiti Reconstruction Commission, the body charged with coordinating Haitian and international donor efforts.

All Caribbean countries have been affected by the global economic and financial crisis. This may slow down poverty reduction and reverse progress towards the achievement of the MDGs. Progress is therefore mixed, but the MDGs remain at the core of the development process. The 10<sup>th</sup> EDF regional programme supports regional integration and complements

the EU-Caribbean economic partnership agreement provisionally applied since 2008 which defines trade relations between the EU and the Caribbean. Significant progress was achieved in 2010 towards implementing the regional programme. This is also the case for the 10<sup>th</sup> EDF country strategies, signed at the end of 2008, which address both private and public actors. Major sectors covered include governance and competitiveness, infrastructure and interconnectivity, macroeconomic budgetary support and poverty reduction. Other sectors explicitly covered are capacity-building related to the regional programme for additional trade-related assistance accompanying the EPA, and good governance in the tax area. In 2010, the 10<sup>th</sup> EDF mid-term review process was completed as required under the Cotonou Agreement.

Systematic monitoring of all programmes is ensured through a series of instruments. The joint annual reports, identify contextual developments as well as progress in implementation. The mid-term review is essential for monitoring cooperation with the Caribbean, and planned along with *ad-hoc* evaluations like the impact evaluation of the regional programme launched in 2010. They permit timely adjustments and modifications with a view to ensure effectiveness, efficiency, coherence, relevance and appropriateness.

#### 2.2.2.2. Aid effectiveness and donor coordination

The Commission remains committed to strengthening donor coordination in the region. The Commission sits on the steering committee of the Caribbean Regional Technical Assistance Centre (CARTAC) and works closely with the IMF, the World Bank, the UK's Department for International Development (DfID), and the Caribbean Development Bank on macro-economic and public finance management issues.

Further progress was made in 2010 on the division of labour among donors. The financial and economic crisis, which severely affected eastern Caribbean countries, has led to increased coordination with other donors and in particular the IMF. In the eastern Caribbean, the Commission works closely with fellow donors on budget support and public financial management. There are also close working relations with the World Bank and UNDP on sub-regional social protection reform and with the FAO on agriculture. Donor coordination on trade issues is effective and is becoming increasingly important on issues related to drug trafficking and crime prevention.

The Commission promotes donor coordination with CARIFORUM. Financing for this is foreseen in the Caribbean institutional strengthening programme. A donor meeting organised by the CARICOM secretariat took place in December. The secretariat presented its strategic development plan, the roadmap for regional integration and an overview of international development partners engaged in regional cooperation activities.

Following the earthquake of 12 January 2010 in Haiti, the Commission and some EU Member States took part in an early recovery assessment mission and in the post-disaster needs assessment which contributed to the government's action plan for national recovery and development. The Commission and other international development partners agreed on a joint performance monitoring framework for budget support with the government of Haiti. The framework includes performance indicators for macro-economic and public finance management as well as a number of poverty-related sectors.

<b>Haiti – The aftermath of the earthquake</b>
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Dealing with the aftermath of January's devastating earthquake was a big priority in 2010. Immediately after the earthquake, the European Commission took a series of emergency measures. Ongoing projects and programmes were reviewed and adjusted where necessary. Some received extra funding to respond to the new needs and priorities that emerged. New additional programmes were put in place. Conditions for general budget support were re-assessed and additional measures and guarantees put in place. Budget support disbursements between January and September 2010 of €57.8 million allowed the government to maintain critical spending, notably in health, education and security. In the education sector, kits were distributed to help schools take charge of the many additional pupils who moved from the capital, Port-au-Prince, to other areas. School rehabilitation work got under way. Tenders were launched for the rehabilitation of the remaining section of the main highway to Cap Haïtien, and funds were made available to rebuild the premises of the "*Centre National d'Imagerie Géo-Spatiale*".

### 2.2.2.3. Working towards the MDGs

The global economic and financial crisis forced some Caribbean countries to reduce priority expenditure as their economies slowed down, and revenue fell, particularly from tourism and financial services. This may affect poverty reduction efforts and slow progress towards the MDGs. To mitigate this potential negative impact, the Commission allocated funds from the 2010 budget of the Vulnerability Flex mechanism to Antigua & Barbuda, Grenada and Haiti.

Over the past four years, the Commission has been supporting education in the Dominican Republic through a €63.5 million sector budget support programme. The objectives are to improve access to quality basic education and to develop the effectiveness and efficiency of the sector in line with the national efforts for social and economic development. Some progress can be noted. Between 2007-2008 and 2009-2010 for instance, the number of five-year-olds enrolled in schools increased from 68.3% to 75.4% while average scores in 8th grade mathematics improved from 53.6 in 2007 to 55.8 in 2010. But more efforts are needed to respond to persistent needs and to improve the country's performance at regional level.

In the eastern Caribbean, despite good progress in reaching most MDGs, more needs to be done especially on combating HIV/AIDS and ensuring environmental sustainability. To support these countries, the EU is investing in health, education, sustainable tourism, agriculture, basic infrastructures, employment and growth, through several projects and direct budget support.

#### **Support for Guyana's sea defences**

The population of Guyana is mostly squeezed into the narrow coastal strip between the Atlantic Ocean and the world's largest remaining virgin rainforest. Much of the coastal zone is at least half a metre below sea-level. Almost all livelihoods, economic and agricultural activity are under threat of flooding and climate change has increased this threat.

The coastal zone is protected by about 370 km of sea defences, including an 80 km sea wall. Sea defences have been neglected since the 1970s and most of the concrete walls are now 30-75 years-old. Mangrove and artificial earth defences are threatened by natural erosion processes. Breaches in these defences are a constant danger.

The EDF has funded a series of sea defence projects. The intention has been to rehabilitate or reconstruct critical sections of the sea wall to reduce immediate threats, and to create a more sustainable defence system which can be better maintained. The EU is also supporting a programme for the conservation of the mangrove forests that once stretched along the entire coastline but have now been damaged by human interference and erosion. Re-establishment of mangrove forests could potentially be a cheaper form of coastal protection, and one which encourages biodiversity and contributes to carbon capture.

In certain countries available data remains insufficient to make an informed progress assessment. Often statistical information does not go beyond 2007, posing problems for data collection and analysis.

#### 2.2.2.4. Implementation and results

In 2010, €361 million was committed to the Caribbean from the various cooperation instruments managed by the Commission. Six annual action programmes totalling €127 million were approved under the 10<sup>th</sup> EDF, as were nine other financial decisions worth €130 million. From the EU budget, six countries (Barbados, Belize, Guyana, Jamaica, Saint Kitts and Nevis, and Trinidad and Tobago) benefited from accompanying measures to diversify their economies and/or increase the competitiveness of their sugar industries following the reform of the EU sugar market. In 2010, these countries received €101 million in commitments. In addition, a €3 million programme in Belize was financed from the thematic programme for the Global Climate Change Alliance.

Budget support remains the most important implementation modality in the region, accounting for 78% of all new programmes approved in 2010. The traditionally-funded programmes cover private sector development (8%), infrastructure (6%), sugar sector reform (5%) with the remainder going to other sectors.

EDF payments in the Caribbean region, excluding the OCTs, totalled €307.2 million in 2010. Caribbean countries received €29 million in 2010 from the special framework of assistance for traditional ACP suppliers of bananas. These funds are helping local economies to diversify and are assisting the seven beneficiaries (Belize, Dominica, Grenada, Jamaica, St. Lucia, St. Vincent and the Grenadines and Suriname) to cope with changes in the banana market. €56 million was disbursed under the accompanying measures for Sugar Protocol countries. In addition, €13.4 million went to Haiti under the thematic programme for food security.

The Vulnerability Flex mechanism was also mobilised in the region against the effects of the global financial and economic crisis. The EU gave Grenada two V-FLEX grants in 2009 and 2010. The funds were added to the private sector development, employment and growth programme, and supported school meals programmes, public assistance to vulnerable groups, and road improvements and maintenance.

#### **Law and order in Jamaica**

In Jamaica, the €33 million EU security sector reform programme helps to fight crime and improve accountability within the security services. A number of activities took place in 2010 bringing major results, such as improved integrity within the Jamaica constabulary force and better administration of justice in the country. The

programme has proved to be an effective means of helping the country in its efforts to reduce crime, maintain peace and effectively deliver criminal justice.

Despite higher disbursements in 2010 and some concrete results, budget support remains a challenge in the Caribbean. The reason is that most countries in the region are middle-income countries where budget support represents a much smaller share of national budgets than in other regions. This affects the actual leverage ability of EU assistance and the justification for an in-depth policy dialogue between donor and recipient. Constraints also relate to limited administrative capacities to deal with the complex monitoring mechanisms that should be put in place in order to track progress in the assisted sectors. This is particularly true of small islands, which receive high *per capita* aid allocations which they are not always able to absorb. In some countries, the absence of robust national and sector strategies as well as the lack of firm ownership have also had a negative impact.

In addition, tracking progress on an annual basis in public finance management systems is more difficult in middle-income countries where systems are often more advanced than in lower income countries. In such situations the reform requirements in public finance management can be less visible and may need more time to implement.

In helping neighbouring Haiti in the aftermath of the earthquake, the Dominican Republic disbursed funds earmarked for unforeseen emergency expenditure. To offset the impact on the Dominican Republic's 2010 budget, the Commission accelerated approval of a new general budget support programme with the first disbursement taking place in late 2010.

The 10<sup>th</sup> EDF Caribbean regional programme pays particular attention to establishing a Caribbean single market and economy, to achieving maximum benefits from the economic partnership agreement, and to mitigating potential adverse effects from the resulting adjustment process. In 2010 the Commission allocated €28 million in a follow-up to a successful Caribbean regional private sector development programme which ended in December. These regional private sector development programmes are complementary to the budget support programmes in Dominica (€17 million) and Grenada (€17.5 million) which focus on improving the business environment and investment climate, and Barbados (€10.1 million) which targets international business development.

#### **Grenada – joint effort to attract outside investors**

Ranked 100<sup>th</sup> in the World Bank *Doing business* report in 2006/2007 Grenada needed major improvements in its business climate to attract foreign investors. The biggest problem areas were property rights, enforcing contracts and closing a business. The EU joined forces with the World Bank to improve the situation.

In 2007, The EU launched a multi-year budget support programme in Grenada to improve its investment climate and attractiveness to foreign investors. The programme was accompanied by a World Bank technical assistance loan signed in 2008. The joint EU and World Bank efforts are starting to show results, as the 2011 *Doing business* report recognised by placing Grenada among the top 10 best reformers in 2010.

#### 2.2.2.5. Monitoring

In 2010, 51 ongoing national projects and eight ongoing regional programmes representing a total EU commitment of almost €380 million were monitored in the Caribbean region. Seven national and one regional completed project (*ex-post* monitoring) representing EU funding of almost €38 million were monitored.

Analysis of the results reveals that 72% of the monitored national ongoing projects performed well or very well, while 14% presented problems and 14% encountered major difficulties. Overall, 86% of projects monitored received very good and good ratings on the relevance and design criteria. The good or very good ratings were 82% for impact and 73% for sustainability.

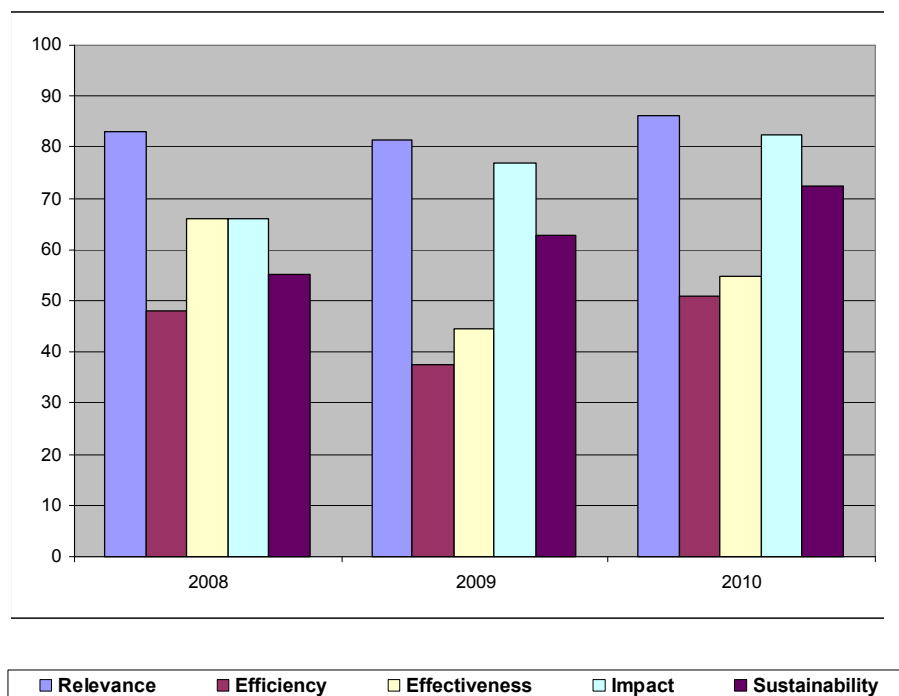
The average performance on the five DAC criteria improved in 2010 compared to 2009. However, some constraints persist in terms of efficiency (as 35% of projects monitored face problems and 14% show serious deficiencies in terms of input used and implementation of activities), and effectiveness (with 39% experiencing difficulties in delivering results and 6% serious deficiencies). Poor risk management and overambitious project formulations are the biggest problems undermining the attainment of objectives.

At Regional level, six projects show a good performance while two are performing with some problems. This good result may be in part explained by the nature of the implementing partners, who include the FAO, the Organisation of American States or CARIFORUM.

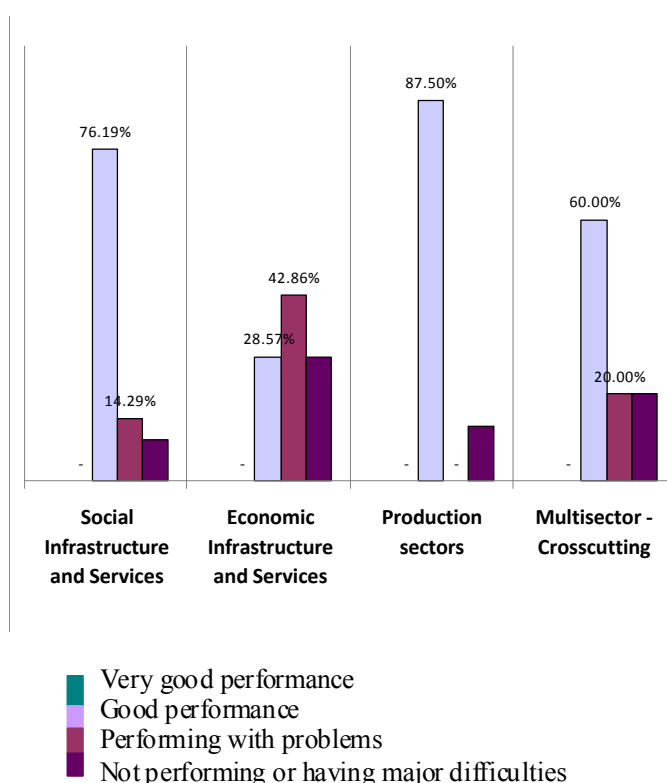
Sectors most concerned by external monitoring were social infrastructure and services (21 projects monitored with a total value of €114 million) and production sectors (16 projects and €82 million). Seventy-six percent of social infrastructure projects monitored received very good and good scores, especially in the fields of health, government and civil society and education. In the production sectors, delivery of aid was even more effective, with 88% of national ongoing projects doing well and 12% facing major difficulties. As in 2009, social projects performed better than economic ones.

In addition to the above, three sector policy support programmes (SPSP) in Montserrat, Trinidad & Tobago and Jamaica were monitored, representing a total EU commitment of €5.5 million. According to the monitoring report, the SPSP in Montserrat and Jamaica are facing some problems. However the SPSP in Trinidad and Tobago, which supports the education sector, is performing well. The external monitors found that the programme strongly contributes to widening access to, and enhancing the quality of, non-university tertiary education through its actions to modernise the national training system, reduce gender disparities, train teachers, reform school curricula and implement a system of public funding.

**Table 8 Caribbean- Very good and good ROM scores per evaluation criteria 2008-2010**



**Table 9 Caribbean – Project performance per ODA sector (%)**



#### 2.2.2.6. Outlook

Building on growing experience with budget support, the implementation capacity of local authorities should improve over time. The more systematic use of the public expenditure and financial accountability (PEFA) methodology to assess public finance management and the assessments undertaken during the year provide the basis for enhanced dialogue on important

public finance management issues and improved monitoring frameworks. Further dialogue guidance will nevertheless be needed, particularly on sector budget support in areas like the private sector and trade development.

Under the accompanying measures for former Sugar Protocol countries, an indicative amount of €252 million has been allocated for Barbados, Belize, Guyana, Jamaica, St. Kitts and Nevis and Trinidad and Tobago for 2011-2013. These substantial funds will further support sugar sector reform, macroeconomic stability, employment and growth in those countries with the exception of Trinidad and Tobago which is diversifying out of sugar into other economic sectors. From 2011, the Commission will start implementing the banana accompanying measures (BAM), which will benefit seven Caribbean countries.

In Haiti, project implementation on the ground should accelerate in 2011, after a year of post-earthquake technical studies and tender procedures. The funds pledged by the Commission in response to the disaster will be disbursed over the next two years, as projects move forward.

#### **Saint Vincent and the Grenadines and Saint Lucia - linking disaster response with rehabilitation**

Following the passage of Hurricane Tomas at the end of October, a big concerted effort was made to ensure that all available and potential resources were used to assist both St. Lucia and St. Vincent & the Grenadines. The aim was not just to provide emergency relief, but also to help both countries rehabilitate certain sectors like crop production, health, and education.

Immediate emergency aid of €200 000 went to restore health and sanitary conditions in St. Lucia and St. Vincent and the Grenadines. The aid, implemented by the Pan-American Health Organisation (PAHO), was used to ensure safe water supplies to health facilities, shelters and vulnerable households as well as safe waste disposal and disease control activities.

The EU and some member states had also contributed over 25% of the initial capital of the Caribbean catastrophe risk insurance facility (CCRIF). The CCRIF announced shortly after the hurricane that it would provide \$3.2 million to St. Lucia and \$1.1 million to St. Vincent and the Grenadines.

A second emergency aid decision mobilised €1 million to support operations by the French Red Cross (emergency relief items, shelter, safe water and hygiene promotion) and the FAO (re-establishing production by small-scale banana and other farmers). In St. Lucia, money from existing EU projects for education and for the St. Lucia social development fund were reallocated to allow immediate disbursement to the most affected communities. In St. Vincent and the Grenadines an additional €600 000 was being used for rehabilitation efforts: for school furniture, to assist the recovery of small-scale farms, and for restocking of medical supplies.

### **2.2.3. Pacific**

#### **2.2.3.1. Introduction**

Pacific island countries are among the most seriously affected in the world by climate change. For some, it poses an existential threat. Climate change has therefore taken centre stage in all



discussions between the Pacific island countries (PICs) and their main international partners concerning assistance to the region.

The EU and the Pacific Islands Forum (PIF) secretariat launched in December an EU-PIF initiative on climate change to foster understanding and facilitate coordination in the international debate. The aim is also to ensure that a fair share of international climate change funding, including from the “fast start” initiative, is allocated to Pacific countries and territories through more effective delivery methods that will reinforce capacities, particularly for the smaller island states.

The Commission has accelerated the assessment of the eligibility of Pacific countries for budget support. As a result, five Pacific countries (Vanuatu, Solomon Islands, Samoa, Tonga and Tuvalu) were eligible in 2010 for budget support which will improve their absorption capacity and the effectiveness of climate change funding.

Fiji remains a concern, given the poor progress in the return of democracy and the maintenance of public emergency regulation. As a consequence, aid to Fiji remains suspended, with the exception of €8 million allocated to support mitigation efforts for people living in sugar-producing areas.

Tonga and Tuvalu qualified respectively for an additional €5.5 million and €1.5 million from the Vulnerability Flex instrument aimed at reducing the impact of the global financial crisis.

#### 2.2.3.2. Aid effectiveness and donor coordination

The framework for enhancing regional aid effectiveness is the Cairns compact, adopted by Pacific Forum leaders in August 2009. It provides a more structured mechanism for dialogue, coordination and reporting, with the ultimate objective to improve the quality of national development strategies. The Forum secretariat is primarily responsible for taking forward implementation.

The PIF 2010 report on aid effectiveness concludes that Pacific island countries are slowly but steadily making progress in managing foreign aid more effectively. Sector policy frameworks have been developed in some countries as in Samoa in the water and sanitation sector; or in Tonga with the energy roadmap 2010-2020. Budget support is being used by the EU and the Asian Development Bank in several countries (such as the Solomon Islands, Tonga, Tuvalu). At regional level the Pacific Plan, adopted in October 2005 by the Pacific Islands Forum leaders, is the basis for the PICs' regional cooperation and integration efforts.

The Commission continued its work to strengthen donor coordination. Although very few EU Member States are permanently represented in the region, dialogue is well-established with, for instance, the French and/or British diplomatic missions in Fiji, Papua New Guinea, Vanuatu and the Solomon Islands. The EU delegation in Nouméa coordinates its activities with the Nouméa and Papeete offices of the *Agence Française de Développement* (AFD).

Much can still be done to reduce aid fragmentation, improve donor coordination, and make best use of combined domestic and foreign aid resources. Scope for improvement can be found in national policy frameworks, procurement rules, public financial management, coordination of development partner missions and better involvement of the non-governmental sector in policy planning.

### **Timor-Leste – Enhancing local ownership**

The EU has been supporting a rural development programme which promotes the concept of village development planning (VDP). This is a forum that showcases people's participation in their own development, promoting local governance in a true "bottom-up" approach. Ordinary people meet, discuss, analyse, debate and agree on the kind of future they want for themselves and their community. VDP started in 2008, as a pilot scheme in four *Sukos* (villages) of the Covalima District in Timor-Leste. The process was repeated after one year in the same *Sukos*, and then expanded to another four villages. It comprises a common agenda and vision of development for the community, drawn up by the villagers. It consists of priority goals for the next five years. In addition, community action plans were drawn up for community *activities* rather than *projects*. Since projects often have a connotation of outside funding, the reference to community activities changes the mindset of the villagers and increases ownership of the actions undertaken.

#### 2.2.3.3. Working towards the MDGs

The Cairns Compact on Strengthening Development Coordination in the Pacific<sup>55</sup> respond to Pacific leaders concerns that, despite high levels of development assistance over many years, the Pacific region may not achieve the Millennium Development Goals by 2015. To succeed, progress needs to be faster.

In 2010, the picture was mixed for several MDGs, with some countries performing better than others on selected indicators. Poverty reduction remains the most challenging, notably in Papua New Guinea and Timor-Leste. Maternal health and environmental protection are also areas where progress needs to be made.

### **Improvement of health services in the outer islands of the Republic of Kiribati**

The project, which came to an end in December 2010, improved access to primary healthcare in 18 islands with a total population of about 47 000 people. The EU contributed €8.8 million to the construction of 18 health centres and 56 dispensaries, together with equipment, water and solar energy, computers, radio communication equipment and sanitation. Through major training programmes for healthcare professionals on the island the quality of health services, both in terms of management and delivery, were improved.

Environmental sustainability (MDG7) is a core preoccupation of the EDF-financed national and regional indicative programmes. Access to safe drinking water and sanitation services is a focal sector supported by EU programmes in several Pacific countries like the Cook Islands, Kiribati, Samoa and Tuvalu. Sustainable and renewable energy programmes are being supported in other countries such as the Northern Pacific states, Nauru, Niue and Tonga.

### **Samoa – Water sector support programme**

<sup>55</sup> <http://www.forumsec.org.fj/pages.cfm/strategic-partnerships-coordination/pacific-principles-on-aid-effectiveness/cairns-compact-1.html>

In 2010, Samoa received €4.4 million as part of the EU's water sector support programme. Despite the adverse effects of the global economic crisis and of the Tsunami which hit the country in 2009, the government managed to maintain a sound macroeconomic framework and to continue improving its public financial management. Significant progress was achieved by the government and the Samoan Water Authority in particular, in reforming the country's water sector policy and water resources management. With the help of the EU programme, access to drinking water was increased to 88% of the population and the number of primary schools and hospitals with acceptable levels of sanitation facilities rose to 88% in line with the target.

The global economic recession has seriously affected the small Pacific economies, resulting in increased budget deficits, reduced flow of overseas remittances, and a contraction of exports. This is likely to impact negatively on MDGs, even though governments have taken measures to protect the population from the most negative effects of the crisis, often with the help of donors.

Weak national statistical systems remain a big challenge in most countries. This means a lack of comprehensive, recent and quality data, notably on the MDGs. Statistical capacity-building is crucial for successful aid programming and particularly for budgetary support. In Vanuatu, overall global budget support was based on incorrect input data which resulted in funds being withheld. Obtaining reliable data and indicators requires further attention from the countries concerned along with support from development partners.

#### **Solomon Islands – Micro-projects**

In the Solomon Islands, where more than 80% of the population live in rural areas, the micro-projects programme aims to provide rural communities with greater access to improved social services and sources of income. In 2008, over 120 projects were completed, including the rehabilitation of village schools and clinics, the installation of more than 104 water and sanitation systems plus 60 other income-generation and livelihood projects. At the Kavua water supply micro-project, visited by an EU team in April 2010, seven water outlets had been installed in the village. The supply of water saved the villagers a three km walk to clean water and therefore improved health.

#### **2.2.3.4. Implementation and results**

The allocation of funds under the 10<sup>th</sup> EDF is progressing well in most small islands states with commitment rates of up to 90% or even 100%. Annual action programmes were approved in 2010 in areas such as water and sanitation (Kiribati), support to non-state actors (Samoa, Vanuatu and Timor-Leste) and rural development (Papua New Guinea and Timor-Leste). Post-tsunami financial support was also approved for the Cook Islands, Samoa and Tonga. By the end of 2010, more than half of the countries had committed 70% or more of their national indicative programme under the 10<sup>th</sup> EDF.

#### **Kiribati – Water and sanitation for outer islands**

Kiribati's groundwater, its most common source of freshwater, is increasingly threatened by saline water intrusion (mainly due to rising sea levels and

unsustainable management of water resources), increased pollution and over-extraction. The available infrastructure to access groundwater is often broken or in very poor condition. Rainwater harvesting can be an efficient and sustainable complementary source of safe freshwater, but often the catchment systems and storage facilities are inadequate. The EU water support project, approved in 2010, seeks to address some of these issues. It intends to design appropriate water and sanitation systems and increase the volume of rainwater safely harvested and stored. An intensive community consultation process should help to enhance knowledge and awareness among the population with regards to water, hygiene and sanitation issues.

However, implementation and managerial capacity remains weak in many countries. Limited institutional capacity is a particular problem in Papua New Guinea where the EDF absorption rate was only 19% at the end of 2010.

During 2010, the Commission continued to extend the provision of budget support in the Pacific region. In total, new commitments of budget support amounted to €32 million in 2010 which represents a substantial increase in both the amount and the number of countries covered. Budget support disbursements in 2010 amounted to €19.5 million.

The impetus for considering greater use of budget support in the region has mainly been driven by short-term actions to offset the impact of the economic crisis in a number of countries. This resulted in the provision of support under the V-FLEX instrument in Samoa, Solomon Islands, Tonga and Tuvalu with a total value of €27.7 million. These programmes were designed to allow the countries concerned to maintain their public expenditure programmes in line with poverty reduction objectives whilst at the same time supporting macroeconomic stability.

In 2010 the Commission approved support from the Global Climate Change Alliance. A regional programme, to be implemented by the secretariat of the Pacific Community, was allocated €11.4 million and a national programme in the Solomon Islands €2.8 million. The support aims at helping the country and the region to increase resilience to climate change.

Overall, EDF implementation at regional level advanced as planned with a 57% commitment rate of the 10<sup>th</sup> EDF regional envelope (€95 million for 2008-2013) by the end of 2010. The regional annual action programme approved in December 2010 provides support for trade and regional integration (€30 million) and a technical cooperation facility (€2 million) to finance external short-term expertise. The regional integration programme will help increase Pacific island countries' capacity in trade through improved technical capabilities, better customs management and systems, and developing export potential in agriculture and forestry. Tourism will also be developed. Four regional agencies, the Pacific Islands forum secretariat (PIFS), the Secretariat of the Pacific community (SPC), the Oceania customs organisation (OCO) and the South Pacific travel organisation (SPTO) will implement the different components of the programme.

#### **Rainwater catchments for outer islands**

The Marshall Islands are benefiting from a multi-country project which also covers Micronesia, Nauru, Tuvalu, Tonga, Solomon Islands, Papua New Guinea and Palau, with a total EU contribution of €9.2 million. The installation of 350 rainwater catchments (10 000-litre capacity) for Majuro is ongoing. Installation of 173

rainwater catchments for the outer islands has made progress as well. The project envisages the supply of a further 250 rainwater catchment for Ebeye. The project has allowed the Marshallese Environmental Protection Agency to train more than 20 people in water quality monitoring in Majuro and Ebeye and has supplied the EPA laboratory with test kits.

EU development cooperation with Fiji remained subject to article 96 of the Cotonou Agreement. After the 2006 military coup, the EU suspended its assistance under the 10<sup>th</sup> EDF, and no national indicative programme was signed. EDF cooperation is limited to a few 9<sup>th</sup> EDF programmes and activities financed from the European Instrument for Democracy & Human Rights (EIDHR) and the "Non state actors and local authorities in development" thematic budget line of the Development Cooperation Instrument. Fiji's entitlement to benefit from the accompanying measures for Sugar Protocol countries financed under the DCI was cancelled in 2008 and 2009 in line with article 96. But concerns about the persistent and significant poverty levels, particularly in rural areas, led the EU to approve a 2010 allocation of €8 million for direct support to vulnerable populations in the sugar areas. The project will be implemented through non-governmental organisations.

#### **Timor-Leste – enhancing stabilisation through sustainable reintegration of internally displaced persons**

In 2009, as the Timor-Leste government closed its camps for internally displaced persons, it became clear that many root causes of the 2006 crisis were not being addressed at a community level. Although the immediate danger was past, most factors of instability – land disputes, youth engagement, demographic shifts, population pressures, conflict mediation – remained, with little healthy discussion about them in Timorese society. Funded by the EU Instrument for Stability and implemented by the International Organisation for Migration, a project was set up to produce and broadcast an educational soap opera to help promote this societal dialogue. For maximum impact it was designed for a wide popular audience. The aim was to create a show with high production standards, engaging characters, exciting stories and which reflects the joys, humour and challenges of modern life in Timor-Leste.

To reach out to its largest demographic group, Timor-Leste's first soap opera *Suku Hali*, was given a youth focus. The main story follows two orphaned country brothers who migrate to the city in search of their future, but find their new neighbourhood in turmoil following the recent return of IDPs. The brothers' bond is further tested by their inheritance of a mini-van. For one brother it symbolises a future business, for the other it is a means to easy money in the present if they sell it. How will they negotiate the difference and save their relationship?

There are twenty 30-minute episodes of *Suku Hali*, in four series: *IDP Return and Reintegration*, *Elections and Democracy*, *History and Reconciliation*, and *Alternatives to violence*. Since October 2010, *Suku Hali* was broadcast twice a week on Timor-Leste's national TV and received an overwhelmingly positive audience response.

### 2.2.3.5. Monitoring

In 2010, 41 ongoing national projects and 12 regional programmes representing a total EU commitment of €214 million were monitored in the Pacific region. In addition, nine completed projects (seven national and two regional) worth a total of €30 million were subject to *ex-post* monitoring.

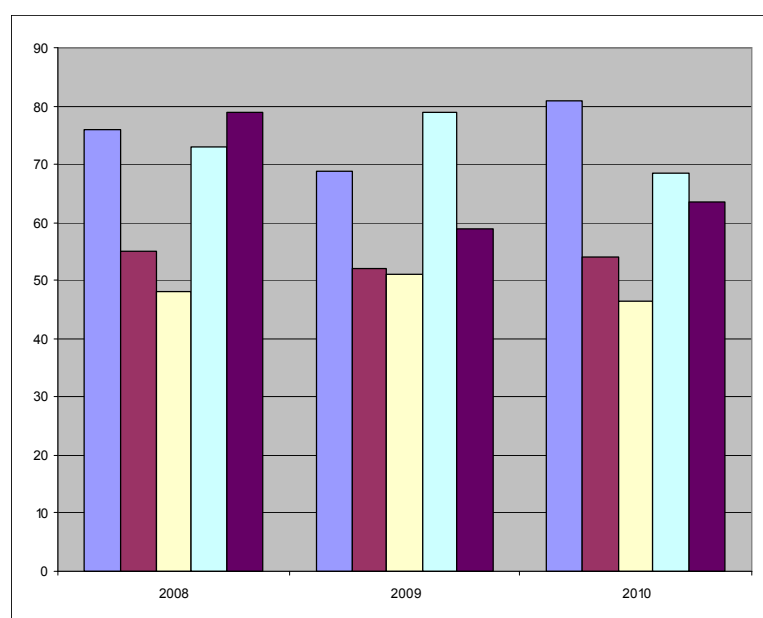
Analysis of the results shows that 56% of ongoing national projects performed well or very well, 29% of the monitored projects presented some problems, while 15% encountered major difficulties. In general, 80% of projects monitored received very good and good ratings for relevance and design, 68% for impact and 63% for sustainability.

According to the monitoring missions, relevance and design of projects have considerably improved compared to 2009, while effectiveness and impact fell slightly. Some constraints persist in terms of efficiency (32% of projects monitored faced problems and 14% showed serious deficiencies in terms of input used and implementation of activities).

The sector most concerned by external monitoring was social infrastructure and services (with 25 projects monitored for a total budget of €112.5 million). Of these, 72% received good marks.

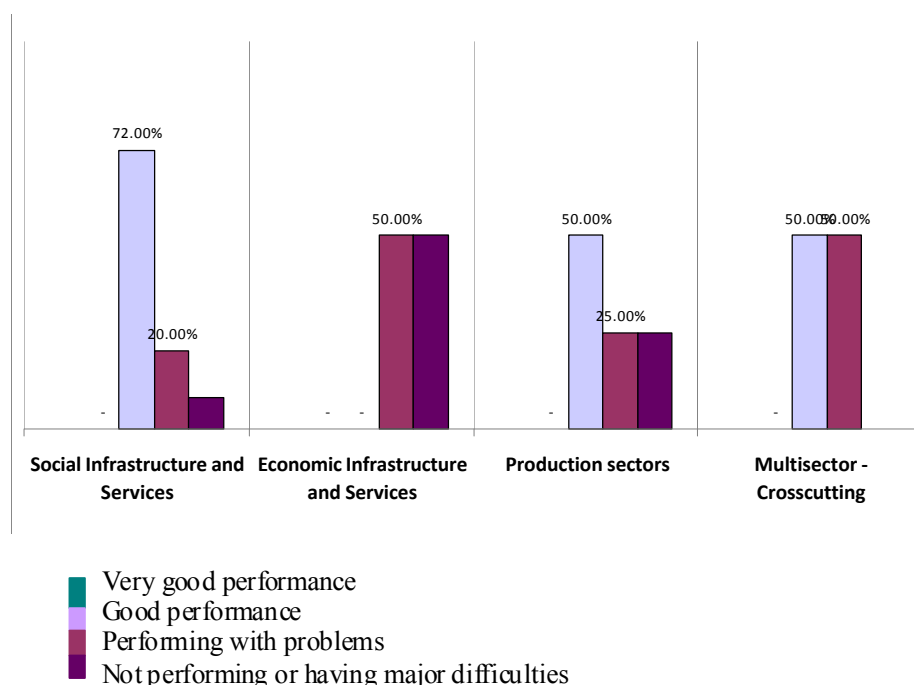
Twelve regional projects were monitored, of which nine were showing a very good performance or good performance, one was performing with some problems and two are encountering major difficulties. As an example, one project performing well is the Pacific regional initiative for the delivery of basic education programme which is considerably contributing to the increase of the institutional capacity to plan and implement basic education projects at regional level. In addition, two sector policy support programmes in Samoa and New Caledonia worth a total of €50 million were also assessed. According to the monitors, both of them are showing a good performance. In particular, the water sector support programme for Samoa is showing how good coordination between technical assistance experts and political decisions-makers can really make a difference.

**Table 10 Pacific- Very good and good ROM scores per evaluation criteria 2008-2010**



■ Relevance	■ Efficiency	■ Effectiveness	■ Impact	■ Sustainability
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**Table 11 Pacific- Project performance per ODA sector (%)**



#### 2.2.3.6. Outlook

The national and regional commitment rates are comparatively high in the Pacific, except for Papua New Guinea. Internal and external monitoring of projects confirmed that speed and quality of implementation are generally good, albeit with variations between countries. The relatively good performance by the Pacific ACP countries in terms of quality and quantity has resulted in several of them being identified for an increase in their 10<sup>th</sup> EDF national allocations. In half of those cases, the increase will be used to top up the existing water and sanitation programmes. The other countries with energy efficiency and renewable energy as core actions are expected to seek an increase of the existing energy projects.

A number of Pacific countries have expressed the wish to move or continue moving towards budget support. To help them meet the eligibility requirements, the EU and other donors (IMF, Asian Development Bank, Australia and New Zealand) will support actions to improve public financial management systems and will review their public expenditure and financial accountability.

#### 2.2.4. All ACP Programmes

The EU finances a number of programmes covering potentially all ACP countries through the Intra-ACP envelope of the European Development Fund (€2.7 billion for 2008-2013). In partnership with the ACP group, the Commission identifies such programmes and implements some of them. A number are implemented in partnership with the African Union, thereby advancing some initiatives in the partnerships of the Joint Africa-EU Strategy (JAES).

**The ACP Observatory on Migration**

On 25-27 October 2010, the ACP Observatory on Migration was launched in Brussels. The occasion brought together more than 400 representatives from ACP countries, European Union institutions, Member States, research institutes, NGOs, and international organisations. Topics discussed included labour migration, migration and development, forced migration and migration and climate change.

The ACP Observatory on Migration has been created by the ACP secretariat in partnership with the Commission, which provides nearly €8 million in funding from its migration facility. It seeks to provide policy-makers, civil society and the public at large with reliable and harmonised data on intra/inter national and regional migration in ACP countries. It will establish a network of research bodies on migration in all ACP regions. Activities started in 12 ACP pilot countries: Angola, Cameroon, the Democratic Republic of Congo, Haiti, Kenya, Lesotho, Nigeria, Papua New Guinea, Senegal, Tanzania, Timor-Leste and Trinidad and Tobago.

At the Tripoli summit in November, African and European leaders reconfirmed support for the JAES by adopting a more focused second action plan. A positive development is that specific funds (initially €10 million) have been earmarked for improved delivery of the JAES and its second action plan. This meets some of the shortcomings identified during implementation of the first plan.

One of the eight JAES partnerships is the partnership on peace and security, mainly financed through the African Peace Facility (APF). A total of €300 million is available for the period 2009-2011. The APF currently supports three capacity-building programmes to strengthen the African peace and security architecture from a budget of €37 million. The first set of capacity-building programmes has been extended until April 2011 and an additional €65 million is earmarked to consolidate what has been accomplished since 2004.

The APF also provides funding for African-led peace support operations. In 2010, the African Union Mission to Somalia (AMISOM) received an additional allocation of €73 million, bringing total EU support to €142 million, to continue to maintain security in Mogadishu and to support the transitional federal government in its efforts to stabilise the country. A further €15 million was allocated to the multinational force deployed in the Central African Republic to consolidate peace and security, bringing the total EU contribution to this operation to €68.5 million. The APF also provided €15 million to support the early response mechanism which finances preparatory stages of peace support operations or initial steps of mediation processes. It currently supports such processes in Madagascar, Guinea, Sudan, Niger and Guinea-Bissau.

Since 2008, the EU has been financing under the 9<sup>th</sup> EDF an African Union (AU) support programme of €55 million to strengthen the overall institutional capacity of the AU and to deepen the Africa-EU partnership.

Another of the eight JAES partnership covers trade, regional integration and infrastructure. The EU-Africa Infrastructure Trust Fund is an innovative financial instrument launched in 2007. It encourages the financing of cross-border and regional infrastructure projects in Sub-Saharan Africa in the energy, water, transport and telecommunications sectors, which facilitate interconnectivity and regional integration. The trust fund combines grants from the Commission and EU Member States with long-term loan finance from the European Investment Bank, EU development financiers and, since November 2010, the African Development Bank. In 2010, following additional contributions pledged by EU Member



States (UK €10 million, Austria €1 million, France €5 million), the overall trust fund endowment reached €388.7 million. The fund's executive committee approved 17 grant operations in 2010 worth €110.6 million, bringing the number of approved grant operations to 36 and the total commitments to €209 million. These are combined with €970 million in loans from the trust fund financiers to finance projects whose total financing now exceeds €2.5 billion. The latest figures bring the total leverage factor of funds to about 12:1.

The second ACP-EU Water Facility, which was endowed with €200 million in 2009, issued two calls for proposals in 2010. Under the call entitled "Water, sanitation and hygiene promotion for the Millennium Development Goals", 55 projects were selected with a total value of €109.5 million. They will provide access to safe water to about 3.3 million people, of whom 2.8 million will also benefit from improved basic sanitation. Some seven million people will benefit from hygiene promotion programmes. Results of the second call, Partnerships for capacity development in the ACP water and sanitation sector, published in February 2010, will be known during the first half of 2011.

Most of the 75 actions financed under the first ACP-EU energy facility are already being implemented in rural and peri-urban areas of the ACP region, with a projected impact on 7.5 million people. In 2009, a second energy facility was granted €200 million with the aim of continuing action against poverty by providing energy services and promoting the use of renewable energies in the fight against climate change. A first call for proposals (for €100 million) led to the selection of 65 projects concentrating on improved access to energy services, energy management and governance, while focusing on renewable energies and efficiency.

The Commission has also launched an innovative blending instrument under the energy facility. An amount of €40 million, to be blended with funding from Member States and the EIB, is now available to co-finance medium-size projects aiming at increasing access to sustainable energy services in ACP rural and peri-urban areas. This instrument, which involves blending finance and support to the private sector, is expected to be a powerful tool in terms of achieving synergies, leverage and ultimately impact. A similar blending instrument will be launched in 2011 under the water facility.

#### **Energy Facility – Steam turbine installation at Charter Sawmill, Zimbabwe**

The aim of this project funded under the first energy facility was to provide sustainable electricity to 30 000 people in the communities surrounding a sawmill in the mountains of the Chimanimani region. The project consisted in the purchase and installation of a suitable steam-driven generator to run on heat from the existing boilers at Charter Sawmill. The heat source for the boilers is waste wood and sawdust that is sustainably produced within the sawmill itself.

The power generation facility will be able to operate as long as waste sawdust is produced at Charter Sawmill, which has been operating for over 50 years. This forestry business is sustainable, and certified by the Forest Stewardship Council – FSC (an environmental standard). It should continue to produce waste sawdust for use as fuel for a power plant into the future on a renewable basis. The sawmill has already planted young seedlings to be cut down in 25 years time, helping to ensure the long-term benefits of the scheme.

The 2010 annual action programme for intra-ACP cooperation under the 10<sup>th</sup> EDF, benefiting all ACP States, was approved in December 2010. It consisted of a package of 13 programmes amounting to a total of €445.3 million in the fields of health, climate change (environment and disaster risk reduction), education and culture, trade and private sector development, agriculture and rural development and sanitary services. The package includes a €150 million contribution to the Global Fund to fight AIDS, tuberculosis and malaria and €20 million for increasing access to new and under-used vaccines in least developed ACP countries. In the education sector, €20 million will be allocated to the ACP-EU cooperation programme in higher education and €40 million to the intra-ACP academic mobility schemes. In the field of climate change, the EU contributes €60 million to the ACP-EU natural disaster risk reduction programme, with €20 million to biodiversity and protected areas management (BIOPAMA) and €10 million for climate-smart land and water management. The EU-ACP support programme for the cultural sector and the "Reinforcing Veterinary governance in Africa" programme each received €30 million.

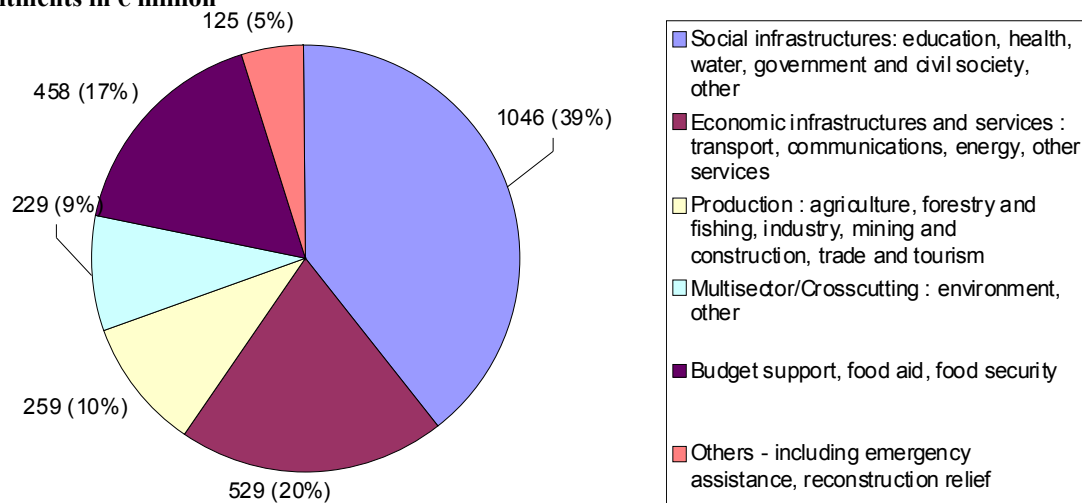
#### **Eradication of Rinderpest in Africa, a devastating livestock disease**

Almost 50 years of continued collaboration between the EU and the African Union Interafrican Bureau for Animal Resources (AU-IBAR) to eradicate Rinderpest, one of the major transboundary animal diseases affecting Africa, achieved its ultimate goal. The official declaration of global freedom from Rinderpest is foreseen for 2011. The EU has been a major contributor to the eradication of the disease in Africa with contributions of more than €203 million since the 1960s.

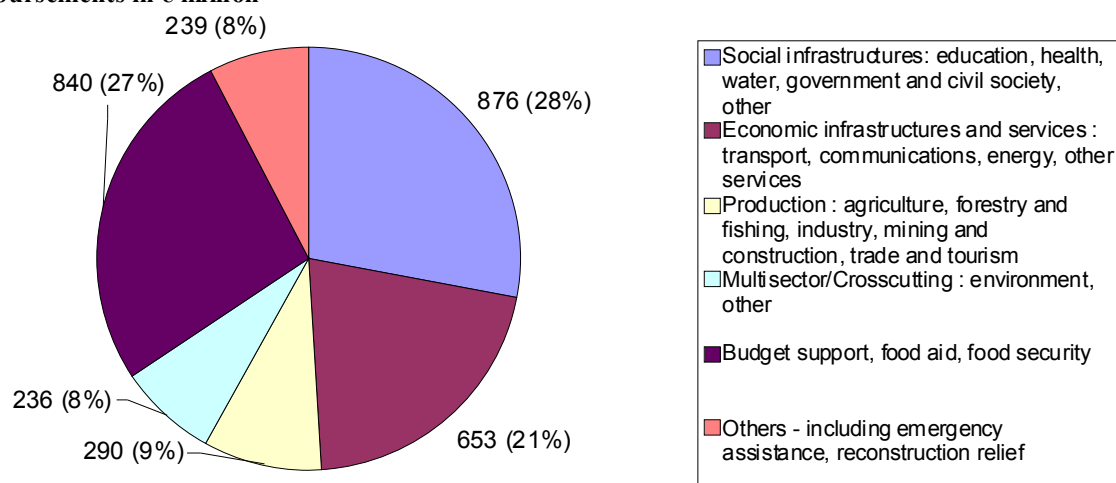
The programme "Reinforcing veterinary governance in Africa" (€30 million), adopted in 2010, builds on the success of this long-term partnership. It aims at further strengthening African veterinary services as improvements in animal health in Africa are still needed to boost livestock development, and in turn increase food security and trade opportunities.

**Table 12 EDF - Breakdown by sector of external aid financed on the European Development Fund (EDF) managed by EuropeAid in 2010**

**Commitments in € million**



**Disbursements in € million**



Bilateral and multilateral ODA. Excl non-ODA resources (Peace facility,...).

**Table 13 EDF - Regional breakdown of external aid financed on the European Development Fund (EDF) managed by EuropeAid in 2010**

	<b>Commitments in € million</b>	<b>Disbursements in € million</b>
<b>Africa</b>	1 749	2 480
<b>Caribbean</b>	257	303
<b>Pacific</b>	131	86
<b>Overseas Countries &amp; Territories</b>	-	17
<b>ACP Unallocated</b>	509	316
<b>Total</b>	2 646	3 202

Bilateral and multilateral ODA. Excl non-ODA resources (Peace facility,...).

**Table 14 EDF - General and sector budget support per country**

Commitments in € million

Country	GBS / SBS	Sector	Description	Total
Antigua and Barbuda	GBS	General budget support	Vulnerability Flex 2010 in Antigua and Barbuda	9.00
Benin	GBS	General budget support	Support to the poverty reduction and growth strategy	13.00
Botswana	SBS	Education policy and administrative management	Human resource development sector policy support programme	10.50
Burkina Faso	GBS	General budget support	MDG Contract: Support to the poverty reduction and growth strategy	14.00
Burkina Faso	GBS	General budget support	MDG Contract: Support to the poverty reduction and growth strategy	9.42
Burundi	GBS	General budget support	Economic recovery	14.27
Cape Vert	GBS	General budget support	Support to the poverty reduction and growth strategy	9.00
Central African Rep.	GBS	General budget support	ASERCA II Support to economic stabilisation	13.00
Congo (Democratic)	GBS	General budget support	VFLEX - Mitigation of the effects of the economic and financial crisis	50.00
Dominica	GBS	General budget support	Private sector and growth development programme	5.27
Dominican Republic	SBS	Business support services and institutions	Competitiveness Sector Budget Support	22.90
Dominican Republic	GBS	General budget support	General Budget support to fight against poverty	61.00
Dominican Republic	SBS	Education policy and administrative management	Deuxieme phase apui budgetaire sectoriel Education	15.33
Ghana	GBS	General budget support	MDG CONTRACT (MDG-C)	9.00
Grenada	GBS	General budget support	Poverty reduction through private sector developement employment and growth	3.50
Haiti	GBS	General budget support	Programme d'appui budgétaire général en appui au PARDH et au DSNCRP	21.00
Haiti	GBS	General budget support	Programme d'appui budgétaire général en appui au PARDH et au DSNCRP	26.00
Jamaica	GBS	General budget support	Debt reduction and growth enhancement programme	17.00
Lesotho	SBS	Water resources policy and administrative management	Water and sanitation sector policy support programme	32.00
Lesotho	GBS	General budget support	Poverty reduction	21.00
Liberia	GBS	General budget support	Budget Support for macroeconomic stabilisation	12.50
Malawi	SBS	Transport policy and administrative management	Road transport sector policy support programme	70.00
Malawi	GBS	General budget support	Poverty reduction	19.00
Mozambique	GBS	General budget support	MDG CONTRACT 1	11.67
Mozambique	SBS	Road transport	Road sector budget support 2010-2013	22.50
Namibia	SBS	Basic drinking water supply and basic sanitation	Support to Namibian water supply and sanitation sector programme	18.00
Namibia	SBS	Education policy and administrative management	Education sector policy support programme	42.15
Rwanda	SBS	Rural development	Sector budget support social protection and community development	20.00
Senegal	GBS	General budget support	Support to the poverty reduction strategy	11.80
Sierra Leone	GBS	General budget support	GENERAL BUDGET SUPPORT (MDBS)	10.00
Solomon Islands	GBS	General budget support	Solomon Islands economic recovery assistance programme	15.20
Togo	GBS	General budget support	Support to poverty reduction	12.00
Tonga	GBS	General budget support	V-FLEX Tonga	5.50
Trinidad and Tobago	SBS	Public sector policy and administrative management	Support to enabling competitive business in Trinidad and Tobago	16.34

Tuvalu	GBS	General budget support	Tuvalu V-Flex	1.50
Western Samoa	SBS	Water resources policy and administrative management	Water and sanitation sector policy support programme	1.42
Western Samoa	SBS	Water resources policy and administrative management	Water and sanitation sector policy support programme	5.50
<b>Grand Total</b>				<b>671.27</b>

GBS : General budget support  
SBS : Sector budget support

## 2.2.5. Overseas Countries and Territories (OCTs)

### 2.2.5.1. Introduction

In accordance with part four of the EU Treaty, the OCTs are closely associated with the European Union. The purpose of this association "shall be to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Union as a whole".

The original list of OCTs included countries and territories which have since become independent sovereign countries in Africa, the Caribbean and the Pacific. Consequently, a parallel was established between the association linking the OCTs to the EU and the relationship between the ACP countries and the EU.

Nevertheless since 2003, the OCTs and the four member states with which they have special links have been calling for better recognition of the OCTs' specific status and have suggested building a new relationship with the OCTs. An overall review of relations between the EU and the OCTs was proposed, including a possible substantial revision of the detailed rules and procedures governing the OCT-EU association.

In 2009 the Commission published a Communication<sup>56</sup> suggesting more focused cooperation, concentrating on issues of mutual interest and narrowing the scope of cooperation accordingly.

Three central objectives have been identified: (i) to enhance the competitiveness of the OCTs, (ii) to strengthen their resilience and reduce their vulnerability and (iii) to promote cooperation between OCTs and their regional, European and international partners.

The Communication provides a guide for the further work on replacing the current Overseas Association Decision when it expires in 2013.

Numerous issues are involved including: regional integration, the principal challenges and the opportunities of each OCT, identification of their potential, their level of competitiveness, and possible adaptation of the rules of origin, and possible financing mechanisms. These issues will be examined in the impact assessment exercise the Commission will carry out prior to the adoption of its legislative proposals – post 2013 – concerning the OCTs.

During 2010, the Commission held several meetings with the OCTs and their related Member States and pursued political dialogue on the modernisation of the association. The

<sup>56</sup> COM(2009)623 final, 6.11.2009

Commission also undertook a series of technical initiatives in preparation of its legislative proposals to revise the Overseas Association Decision. The Commission also organised a workshop on trade and regional integration, four trilateral meetings with OCTs and Member States and two partnership working parties on trade and environmental issues.

Cooperation between the EU and the OCTs is implemented via the EDF. In the current programming period 2008-2013, OCTs will have a budget of €286 million. The territorial allocations take the form, mainly of budgetary support with a regional allocation of €40 million. Programming is done via a single document composed of five sub-programmes (Atlantic, Indian Ocean, Pacific, Caribbean, Multi-OCT projects). All sub-programmes are expected to be submitted by the end of 2011.

#### 2.2.5.2. Implementation and results

##### **Atlantic OCTs**

EU cooperation with Greenland continued in 2010 to support the education sector with disbursement of €26.3 million and a new commitment of €27.8 million. It has helped to increase student intake at all post-elementary education and to provide vocational training for unskilled workers and to support the government's education sector reforms.

For the other Atlantic OCTs – St Pierre and Miquelon, Saint Helena, Ascension and Tristan da Cunha, and the Falkland Islands – the implementation of the 9<sup>th</sup> EDF budget support programmes came to end in 2010. The implementation of budget support programmes is scheduled to begin during 2011, with a focus on economic, infrastructure and trade development.

##### **Pacific & Indian Ocean OCTs**

The budget support programmes in vocational training under the 9<sup>th</sup> EDF came to an end in New Caledonia, whereas budget support to Pitcairn started. Project implementation progressed in the other OCTs: water and sanitation for French Polynesia, construction of a wharf in Wallis & Futuna, and management of rain water in Mayotte.

The 10<sup>th</sup> EDF programming has advanced with New Caledonia where the sector budget support for vocational training should be decided in early 2011 and start soon after. In the other OCTs, projects identified include: the construction of another wharf in Wallis and Futuna, and in French Polynesia a water and sanitation project for the city of Papeete. The EU will also help these two territories to develop their strategies in given sectors. Pitcairn and Mayotte are in the process of preparing budget support programmes.

A project to help Wallis and Futuna, to cope with the consequences of Hurricane Tomas in 2010, has been prepared in 2010 (B envelope for OCTs).

The regional programme *TEP vertes* in three Pacific OCTs started its last phase in 2010. Its aim is to create synergies in renewable energy. The 10<sup>th</sup> EDF regional allocation is to finance a Pacific environmental project which will enhance regional integration not only among the four OCTs but also with ACP countries of the region (€12 million). In the Indian Ocean (Mayotte and Iles Eparses), the allocation will support the sustainable management of natural areas (€3 million).

## **Caribbean OCTs**

In the former Netherlands Antilles, the Commission finances the "Bonaire sewerage and sanitation programme" and the "Urban infrastructure programme" on the five islands. Contracts were awarded for both programmes in 2010. Budget support ended in Anguilla and progressed in Montserrat.

Budget support programmes have been developed for Anguilla, Aruba and Montserrat. For the Turks and Caicos Islands, a project has been identified including further technical assistance for the public finance management improvement programme, support for the ministry of works and assistance to reconstruction following hurricane damage. On 10 October 2010, the constitutional reforms of the Netherlands Antilles were completed. As a result, Curaçao and St. Maarten became separate autonomous countries (besides Aruba and the Netherlands) within the Kingdom, while Bonaire, Saba and St. Eustatius became part of the Netherlands: this impacted the preparation of the 10<sup>th</sup> EDF in all five islands.

Within the Caribbean region, all seven OCT's continued to benefit from the regional risk reduction initiative which provides spatial data infrastructures, and best practises to support comprehensive disaster management. The seven OCTs also progressed in the preparation of the 10<sup>th</sup> EDF regional programme in support of SMEs, which should be adopted in 2011.

The Turks and Caicos Islands received an allocation of €4.3 million (from the B-reserve) for the OCT's for the reconstruction programme after Hurricane Ike and Tropical Storm Hanna. Some 300 houses will be repaired and 50 houses rebuilt for low-income households.

## **2.3. Asia and Central Asia**

### *2.3.1. Asia*

#### *2.3.1.1. Introduction*

The economic and political emergence of Asian countries is producing dramatic changes, creating the need for a new balance in international relations. This represents a real challenge for the European Union. EU cooperation with Asian countries seeks on the one hand to help promote poverty reduction, sustainable development, and social inclusion while on the other to enhance its economic, trade and political cooperation with the region.

This makes for a complex overall relationship with Asia. For this reason, the EU has been fostering dialogue and cooperation with all Asian partners and numerous sub-regional groups like the Asia-Europe Meeting (ASEM), the Association of South-East Asian Nations (ASEAN), the South Asia Association for Regional Cooperation (SAARC) and the ASEAN Regional Forum (ARF). Bilaterally, the EU has privileged partnership and cooperation agreements and free trade agreements, like those already signed or under negotiation with Indonesia, the Philippines, Vietnam and Mongolia (PCAs) or India (FTA).

To strengthen political and economic relations with Asia, an ASEM summit was held in 2010 as well as EU-ASEAN ministerial meetings. The eighth ASEM summit in Brussels in October agreed that Asia-Europe cooperation is wider than aid, and should be a comprehensive, equal, and mutually beneficial partnership responding to different circumstances and needs. The partnership should include exchanges between state and civil society organisations, local operators, while development finance should be a blend of grants and loans.



### **ASEM Dialogue Facility – Asia & Europe work together on global challenges**

The Asia-Europe Meeting has been the official platform for dialogue between Asia and Europe since 1996. As an ASEM coordinator, the European Commission underpins the process. The ASEM Dialogue Facility is a Commission instrument created in 2007 to support the ASEM dialogue in priority areas: economic and financial matters, employment and social policy, environment, cultural diversity and intercultural dialogue, development cooperation, information technology and maritime affairs.

The facility (with a €3 million budget for 2008-2010), promotes exchanges among policymakers in Asia and Europe, facilitates regional cooperation among ASEM countries and enhances policy and know-how transfer to less developed Asian countries.

Bilateral summits with China (6 October) and India (10 December) were also held. Other bilateral meetings took place. The EU and China held their 3<sup>rd</sup> High-Level Economic and Trade Dialogue (HED) in Beijing (21 December). The main themes were climate change, trade and investments, and cultural cooperation. An EU-India ministerial meeting (Delhi, 22 June) addressed similar themes, while the second India-EU Forum on effective multilateralism took place in October 2010.

Asia's impressive economic vitality and steady global integration is one side of the coin. Asia comprises high-income industrialised partners and fast-growing emerging economies. But it is also home to the largest concentrations in the world of those living in absolute poverty. Although one of Asia's greatest MDG successes is on poverty reduction, nearly one billion people still live on less than \$1.25 a day (2008).

Development cooperation, therefore, remains high on the EU's agenda with Asia. The EU has earmarked €5.2 billion for Asia for the current financing period 2007-2013. In the first phase from 2007 to 2010, the EU committed around €2.7 billion which went to programmes agreed with the beneficiary countries. As planned, 18 annual action programmes – bilateral and regional – were adopted in 2010.

As 2010 marked half-way in the current programming period, several evaluations of ongoing or completed programmes and projects took place. The mid-term review of the 19 strategy documents for Asian countries in accordance with article 19 of the DCI has been completed. This exercise showed the relevance of EU action during the first phase. It also enabled the EU to adjust strategies for the second implementation period and to adopt a multi-annual indicative programme for 2011-2013, taking account of the lessons learned and best practices. The programme also reflects EU priorities: aid effectiveness, strong emphasis in pursuing MDGs, supporting reforms driven by the beneficiary countries, and the division of labour with other donors.

#### **2.3.1.2. Aid effectiveness and donor coordination**

During 2010, the EU further strengthened its commitment to aid effectiveness. It strongly supported donor coordination mechanisms in Asia which have been particularly relevant in Bangladesh and Vietnam. The EU has promoted the division of labour, notably in the programming phase, but also in the implementing phase through transfer agreements and delegated cooperation between Member States and the European Commission.

EU cooperation increasingly uses country systems in a move from project to sector policy approach. This permits the funding of bigger assistance programmes through sector policy support programmes or – wherever possible – budget support combined with the enhancement of public finance management by beneficiaries. This approach, which reinforces partner country ownership, also reduces the number of small projects (<€10 million) and improves effectiveness, as management efforts are more focused instead of being spread thinly across too many areas.

General budget support and sector budget support have proved to be particularly effective in enhancing policy dialogue with beneficiary countries and in allowing the EU to work more strategically. They secure ownership by beneficiary countries, insuring better linkage between the broader political agenda and the sector policy dialogue held around the programme. They reduce the need for the creation of separate individual project implementation units. Along with budget support, the EU regularly provides support for capacity building in public finance management.

#### **Burma/Myanmar – Three Diseases Fund**

Communicable diseases are a major health concern in Burma/Myanmar, which suffers from a public health emergency in relation to HIV/AIDS, tuberculosis (TB) and malaria. Access to affordable quality health services is a key issue and many vulnerable communities, especially in border and conflict areas, are forced to resort to sub-standard treatment.

The Three Diseases Fund (3DF) allocates grants to programmes targeting populations most at risk and providing them with access to essential medicines and related services. With a total budget of €92 million, the programme was set up by a consortium of seven donors: the EU (which is contributing €18 million), the Netherlands, Norway, Sweden, the United Kingdom, Australia and Denmark. The fund manager is the UN Office for Project Services (UNOPS).

So far, 3DF has supported 27 HIV projects, eight TB projects, nine malaria projects and 4 integrated projects. As a result, about 13 000 people received antiretroviral treatment. Prevention programmes contacted 500 000 most-at-risk people at least once. Around 120,000 TB positive-smear cases were detected, and approximately 100 000 were successfully treated. Over 1.1 million confirmed and probable malaria cases were treated.

In three years of implementation, 3DF made significant changes to the lives of the most vulnerable people in the country.

#### **2.3.1.3. Working towards the MDGs**

Asian countries have made big strides forward over the past ten years in terms of economic growth and poverty reduction. This has been accompanied by the rise of a considerable middle class, which represents 56% of the population. At the same time, however, economic and social inequalities have got worse. Asia is still home to two thirds of the world's poor. Economic growth can often involve high costs for the environment.

China, Malaysia, Thailand, and Vietnam have already achieved their 2015 target on poverty reduction (MDG1) while Mongolia and Sri Lanka are well on track. The number of people

living on less than \$1.25 a day, however, remains particularly high in Nepal (55%), Bangladesh (50%) and Lao PDR (44%). Even countries which have experienced rapid economic growth in recent years are lagging behind on MDG1, most notably Cambodia, Mongolia, and Pakistan. This is also the case for India and the Philippines despite their middle-income country status.

Asia as a whole has made impressive progress towards other MDGs, especially education (MDGs 2 and 3), in stopping the spread of HIV/AIDS and other infectious diseases (MDG6) and in halving the proportion of people without access to safe drinking water (MDG7).

However, a number of countries are off-track for MDG7, while others have serious problems in MDGs 4 and 5 (reducing child mortality and improving maternal health). This stems from a lack of access to health services for the very poor, but also from cultural and social factors.

The Development Cooperation Instrument gives particular priority to social sectors. In 2010, 41% of funds committed in 2010 went to health and primary and secondary education. In Asia, EU aid helps to improve primary school completion rates and the quality of education, alleviate child hunger and malnutrition, and promote gender equality in secondary and tertiary education. In the health sector, EU-supported programmes sought to improve poor people's access to health services, reduce infant mortality and improve maternal health. The EU also gives particular attention to environmental issues by contributing to the replenishment of forest cover, limiting illegal logging, reducing CO<sub>2</sub> emissions, promoting sustainable use of energy, and access to safe water and sanitation in rural areas. This represented approximately 12% of EU funds committed in 2010.

#### 2.3.1.4. Implementation and results

In 2010, the DCI's fourth year, the EU committed €677 million to Asia for policy and reform-oriented projects and programmes, many of them through the beneficiary country's institutions or in partnership with other donors, including Member States.

##### *Eradication of extreme poverty and hunger*

The EU maintained its commitment to help Asian countries eradicate extreme poverty and hunger (MDG1) by deploying food security programmes in Afghanistan, Bangladesh, Burma/Myanmar, Cambodia, Mongolia, North Korea (DPRK) and Lao PDR. It also financed rural, social and economic development programmes throughout Asia.

##### **Afghanistan – Fruit production improvement through training and support to growers & networks**

The improvement of fruit production is part of a wider project, the "Perennial Horticulture Development Programme", to alleviate rural poverty. The aim is to disseminate knowledge on the best varieties and growing techniques to help develop a high-quality export sector within Afghanistan.

With a budget of €12 million, project centres have been built where it will be possible to store varieties of fruits and nuts, to test and demonstrate modern methods of fruit growing, and to train staff from the ministry of agriculture and the farming community. The project has also completed the collection of all the fruit and nut varieties in the country. Moreover, the project includes the selection and distribution

of clean planting materials, the creation of 22 fruit tree nursery grower associations and the provision of services to farmers by several NGOs.

### *Support health, combating HIV/AIDS and other diseases*

In 2010 the EU provided additional funds to support the health sector in Afghanistan, China, Lao PDR and Vietnam. In Vietnam, the "Health Sector Policy Support Programme" contributes to improving the health of the poorest and most vulnerable (particularly mothers and children) through a more effective, efficient and equitable health system. With a budget of nearly €40 million, the expected results of the programme will focus on MDGs 1, 3, 4 and 5.

Health programmes were implemented in a number of other Asian countries. Substantial assistance was delivered to Afghanistan where, despite the country's fragile situation, the health sector performs relatively well, and to the Philippines. The EU and India have agreed on the amendment of the sector budget support programme in health that should allow this programme, adopted in 2008, to move forward. At the regional level, the EU is the largest contributor to the Avian and Human Influenza Facility and also contributes to activities to prevent and/or treat emerging infectious diseases.

### *Achieve primary and higher education*

The EU has substantially contributed to progresses on universal primary education (MDG2) and lower secondary education in Bangladesh, Burma/Myanmar, Cambodia, India, Indonesia, Nepal, and Pakistan, wherever possible through sector support programmes. In Bangladesh, the EU launched a €52 million programme to increase the number of children enrolling and completing primary education in formal and non-formal schools, to expand the provision of early childhood care and education, and to increase youth and adult literacy. In Indonesia, the EU supports basic education through sector budget support of €201 million. This joint aid programme with Australia (ESSP) supports Indonesia's strategic education plan 2010-2014 to achieve equitable access to high-quality basic education, and to improve its quality, governance and accountability. In Cambodia, the EU has launched a large education sector policy support programme (€31 million in 2011-2013) to strengthen institutional and human resource capacities with the aim of reaching MDGs 2 and 3 by 2015. Implementation of ongoing education support programmes in Bangladesh, India and Nepal continued.

#### **Bangladesh - Strengthening basic education in Chittagong Hill Tracts**

Although Bangladesh has made significant progress towards gender parity in primary and secondary education with rising enrolment levels, the quality of primary education remains a problem. The formal primary education system still leaves about three million of the estimated 19 million primary-school-aged children behind. Difficulties are greatest in remote or sensitive areas. As a post-conflict zone, the Chittagong Hill Tracts is one such area where the net enrolment ratio for different indigenous groups varies between 12% and 61%.

The Chittagong Hill Tracts Development Facility (CHTDF), which is largely funded by the EU, focuses on three areas: advocacy for policy change, access to education services and raising education quality by strengthening the system and promoting multi-language schemes.

With a €6.6 million budget, the project is fully operational in 12 targeted *Upazilas* (sub-districts). Out of a total of 480 schools to be supported, most have already been established by indigenous communities or the government. A total of 595 teachers are being trained and over 15 500 children are at present benefiting from the new schools and the improved quality of teaching and learning. Local communities have increased their involvement through the creation of parents' associations. Teaching and learning materials for pre-primary classes have been developed in six languages to supplement the Bengali education curriculum provided by the government.

Higher education and vocational training have an important place in EU development cooperation. The Erasmus Mundus programme is achieving results in Asia in promoting education and research exchange through student scholarships. It contributes to the capacity-building of Asian higher education institutions and will, over time, assist in modernising higher education systems and institutions. The Trans-Eurasia Information Network project contributes to research cooperation in Asia and in Europe, by providing high-speed and high capacity internet links. By reducing the digital divide the network enables scientists and students throughout Asia and Europe to collaborate on a number of joint research activities that are important in helping save and improve lives in areas such as disaster warning, post-earthquake relief efforts, crop research, tele-medicine, earth observation for forest fires and e-learning. This contributes to increased economic development, creating more open societies in developing countries, and democracy building.

*Improve governance and the rule of law, development, and poverty reduction*

The EU contributed to the improvement of good governance, respect for human rights and the rule of law in several Asian countries: Afghanistan, Pakistan, Bangladesh, Sri Lanka, Philippines, Nepal, Cambodia and China. A new programme will support the 2011 population census in Bangladesh. Following the positive lessons learned from previous projects, the local governance support programme has been launched in Bhutan to enhance democratic governance at local level and to empower local governments to deliver services effectively and efficiently. In Cambodia, support for public financial management reform entered its second phase and will lead to a better revenue policy, budget formulation and execution, payment processes, transparency and oversight.

Measures to improve peace-building have been undertaken in the Philippines and Nepal. A new China-EU police training project will improve basic policing skills and senior level policy dialogue. The EU has helped to support the electoral process in Afghanistan and to pay regular salaries to the national police in order to strengthen law and order in the country. The EU also continued its support for justice reform in Afghanistan and for strengthening sub-national governance.

*Strengthening poverty reduction through economic development and social cohesion*

The EU is enhancing the capacity of China and India to respect international obligations, and helps develop export capacities in Bangladesh, Indonesia, Lao PDR, Pakistan, Philippines, Thailand and Vietnam and, at regional level, in ASEAN. ASEAN received support for regional economic integration in a number of sectors. In Vietnam, EU trade assistance through the MUTRAP project is now helping the country to honour its WTO commitments. Recent evaluations have shown the relevance of the project in integrating Vietnam into the global system and in supporting pro-poor policies. A large project on environmental and

socially-responsible tourism, approved in 2010, will reinforce the capacity and quality of policy making, planning and management in the tourism sector.

#### **Multilateral Trade Assistance Project**

The MUTRAP III programme, launched in 2008 with a budget of €10 million, aims to strengthen the capacity of the Ministry of Trade and Investments (MOIT) to further develop Vietnam's trade and economic integration strategy.

The programme focuses on key areas such as Vietnam's WTO commitments, to deepen trade relations with ASEAN partners, to reinforce fair competition in the domestic market and to strengthen consumer protection. The project is also designed to encourage private sector organisations, business associations, universities and research institutions to provide professional insights into the trade-policy formulation process.

A monitoring report in 2009 and a recent mid-term evaluation acknowledged that MUTRAP had been particularly successful and relevant and that, "it had greatly assisted stronger integration of Vietnam into the global trading system"<sup>57</sup>.

The EU committed funding to new programmes for China and Vietnam in order to raise social standards. The EU-China project on "Occupational health and safety in high-risk sectors" will help develop China's capacity to design an effective strategy based on prevention and the direct involvement of workers in risk management. In Vietnam, a €12 million programme, "Raising living standards of ethnic minorities", was launched in 2010 to contribute to poverty reduction of ethnic communities in mountain areas, underdeveloped in comparison with the rest of the country.

#### *Protecting the environment and promoting clean energy*

The EU has decided further measures to mitigate undesirable effects of economic growth and demographic pressures on climate and the environment, via regional programmes (SWITCH<sup>58</sup> and FLEGT<sup>59</sup>) or through bilateral programmes as with China where the EU promoted the "Environmental governance" programme and the creation of an institute for clean and renewable energy (ICARE). New 2010 programmes will promote:

- renewable natural resources in Bhutan;
- disaster risk management in China and Nepal;
- support for renewable energy, clean technologies and energy efficiency in India;
- sustainable development policy dialogues in Lao PDR and Malaysia.

#### **Asia SWITCH Programme - Promoting sustainable consumption and production**

<sup>57</sup> Mid Term Review, p. 47.

<sup>58</sup> Sustainable Consumption and Production

<sup>59</sup> FLEGT: Forest Law Enforcement, Governance and Trade.

The rate of economic and demographic growth in Asia puts big pressure on natural resources. Despite significant improvements, the industrial sector still uses outdated technology, and is marked by a lack of maintenance, poor production management and inefficient use of raw materials. This has caused a rise in greenhouse gas (GHG) emissions, a severe loss of biodiversity, deforestation, desertification, and air and water pollution.

A switch from unsustainable to sustainable patterns of development is required. That is why the ASIA-SWITCH programme was launched in 2007 with a budget of €90 million to promote both sustainable production and consumption, and to contribute to poverty reduction and a better quality of life (MDGs 1 and 7). To achieve this objective, the programme works simultaneously with producers and consumers, at the level of policy-making and dissemination of best practices, promoting the adoption of the most successful methodologies.

So far, SWITCH has funded 30 projects in 13 Asian countries with good results. For instance, in China electric-powered systems and equipment account for about 60% of total electricity consumption, but their energy-efficiency is 10%-30% below international best practice. SWITCH launched an *ad-hoc* project in 2007 to raise efficiency standards. In three years, around 400 major industrial users of electric-powered systems have improved the energy-efficiency. In addition, 300 manufacturers take part in workshops on international standards and how to comply with them. As a result of the project, an average energy saving of around 25% per system was achieved, making for a total of reduction of around one million tonnes of CO<sub>2</sub> emissions per year.

In Nepal, the production of paper using lokta, a local raw material, is a traditional SME activity for people living at high altitude. It also has significant economic potential given that 90% of handmade paper and paper-products made in Nepal are exported. But inefficient resource extraction and production processes, prevent farmers and entrepreneurs from exploiting the full economic potential. Thanks to SWITCH, 1 195 lokta cutters have been trained on lokta cutting and forest management, and 727 SMEs were trained on more efficient production methods. In addition, 30 entrepreneurs have been trained to use waste water to clean up a polluted environment.

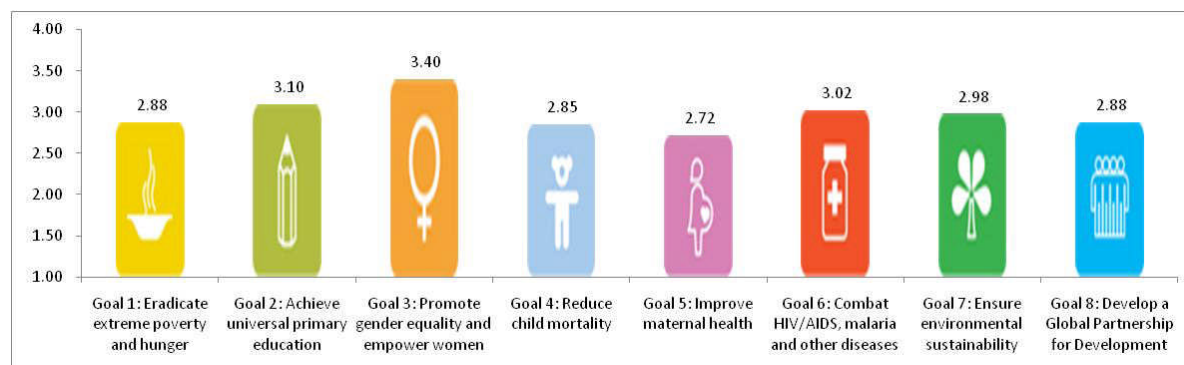
Given these positive results, SWITCH received funding of €62 million for the period 2011-2013 to encourage and support Asian SMEs towards better use of resources and more sustainable development.

Through its development cooperation activities, the EU has helped Asian countries move towards their MDG goals. Measures financed by the DCI in Asia contributed to alleviate extreme poverty, improve health systems, foster universal primary education, and promote use of sustainable sources of energy.

Some examples can be given of EU's best practises in 2010, as highlighted by the ROM monitoring. In China, the project "Improving environmental and safety performance of the electrical and electronics industry" has stood out as best practice of high efficiency, thanks to a good internal monitoring and efficient partnership and cooperation. Others include the Food Security action for extremely poor people in Bangladesh, health support in Burma/Myanmar

for HIV/AIDS prevention and care among sex workers, the provision of basic services for convicted criminals in Afghanistan and the socio-economic empowerment of conflict-affected communities in northern and eastern Sri Lanka. The table below shows the progress for each MDG.

#### Asia average scores according to MDG from January to June 2010



*Source: Results-oriented monitoring of projects and programmes financed by the EU. Draft Progress Report July 2010 – Scores range from 1 (the lowest) to 4 (the highest)*

Beyond the achievement of the MDGs, the EU has worked to improve governance and respect for human rights and the rule of law. In Afghanistan, for example, Commission assistance helped promote the rule of law, in particular via its financing for the law and order trust fund which pays the police, as well as through work on border management and customs support.

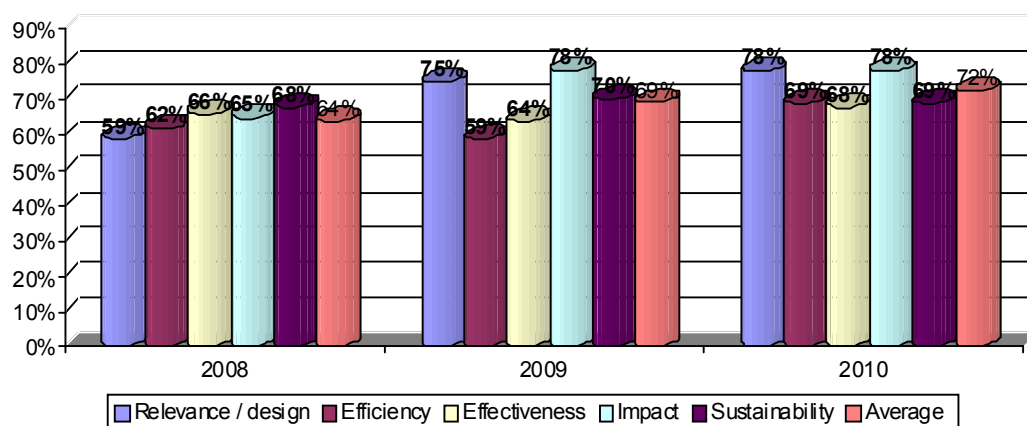
The EU is strongly committed to improving public finance management systems in Asia, particularly in countries where budget support is provided or envisaged. As shown by recent monitoring, the PFM programme has helped to maintain macro-economic stability through continued fiscal discipline, increased revenue collection and efforts to keep inflation below 10%. Significant improvements have strengthened the functioning of the central treasury, thanks in part to a new centralised tax and customs system and inter-ministerial work to implement a revised chart of accounts and new budget nomenclature.

#### 2.3.1.5. Monitoring

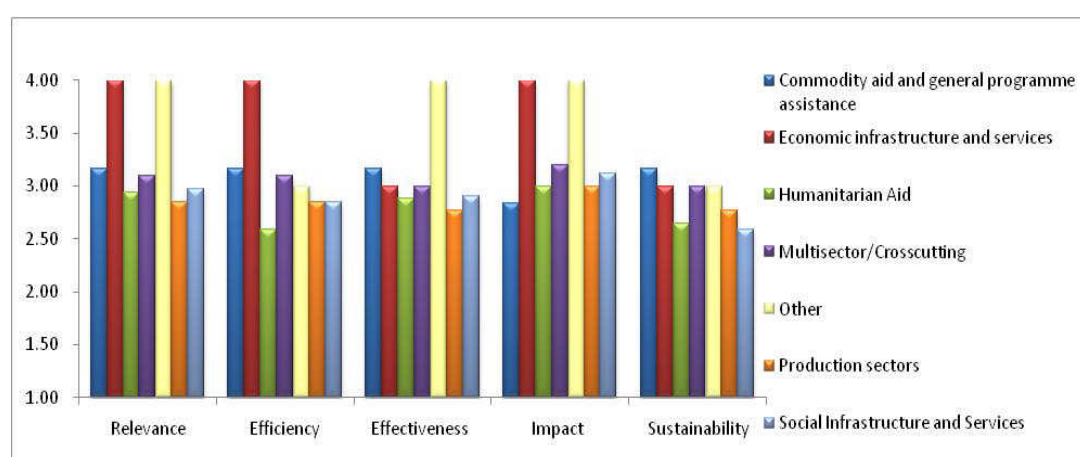
The Results-Oriented Monitoring Report which evaluated the impact of external cooperation projects and programmes carried out in 2010 in Asia shows an overall improvement in Asian ongoing projects (national and regional). Relevance, in particular, improved between 2008 and 2010, with the number of projects scoring good/very good rising from 59% to 78%. Other criteria also improved (efficiency from 59% in 2009 to 69% in 2010 and effectiveness from 64% to 68%). A slight decrease was noted for sustainability (from 70% in 2009 to 69% in 2010) while impact remained steady at 78%.

**Table 15 Asia- Very good and good ROM scores per evaluation criteria 2008-2010**





**Table 16: Asia - Scoring of ODA sector by monitoring criteria**



Improvements were registered among projects re-monitored between 2008 and 2010 for all DAC criteria: relevance from 58% to 69%, efficiency from 53% to 63%, effectiveness from 63% to 75%, impact from 67% to 84% and sustainability from 67% to 69%. The reasons for these improvements can vary but project design and coordination with beneficiaries or other donors are particularly important for ensuring success. When these are combined with good management, the prospects for success improve significantly. Increased levels of ownership, higher levels of flexibility and capacity to adapt to changing circumstances, together with participatory monitoring and evaluation would appear to be leading to improved aid effectiveness.

#### 2.3.1.6. Outlook

The mid-term review of strategy showed that the first phase of the strategies was relevant, though requiring some minor adjustments. The EU will thus continue to use the DCI, promote political dialogue and improve aid effectiveness to help Asian countries achieve, in partnership with the EU, poverty reduction and progress towards the MDGs. Beyond the MDGs, the EU will strive to promote good governance, the rule of law, environment protection, and mainstream gender issues in its programmes, so as to achieve more sustainable development.

### 2.3.2. *Central Asia*

#### 2.3.2.1. Introduction

The implementation of the “Strategy for a new enhanced partnership with Central Asia” adopted by the European Council in June 2007 continued throughout 2010, providing new impetus to both regional and bilateral dialogue. Together with partnership and cooperation agreements, this strategy has strengthened the EU’s political and economic ties with the five countries of central Asia: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. It has also advanced the dialogue on major issues facing the region like poverty reduction, sustainable development, stability and their integration in the global economy. As part of the EU-Central Asia enhanced partnership, several initiatives took place in 2010 such as the first cooperation council with Tajikistan (December), the EU-Central Asia regional meeting of foreign ministers (April), the visit of the President of Kazakhstan to Brussels (November) and the visit of the Commissioner for Development to Uzbekistan and Kyrgyzstan (November). The EU Delegations in the Kyrgyz Republic and Tajikistan became fully operational, in line with the overall aim of enhancing EU cooperation and political commitment to support national reforms and help meet key regional challenges.

In 2007-2010, EU cooperation sought to support the reform agendas of central Asian countries. However, Kyrgyzstan experienced serious political disturbances in April 2010 that led to the resignation of President Kurmanbek Bakiyev and the take-over of power by a provisional government. In June, ethnic clashes in the south-west of Kyrgyzstan further increased political fragility. The EU, in close coordination with the OSCE, provided assistance to restore stability and provided relief to the affected population through the Instrument for Stability.

Despite some cooperation at regional level to address common challenges, tensions over sharing water resources and access to energy, plus differences on environmental and trade issues have not been resolved. There is however a growing common understanding that closer cooperation on national policies and better neighbourly relations would benefit all the countries in their search for sustainable development.

The regional environmental programme for Central Asia (EURECA, €9.2 million) is now starting and will gather all the Central Asian countries together around such issues as biodiversity and environmental awareness raising.

The EU experience in regional integration, political stability and prosperity, offers specific added value to the region. EU regional programmes are focused on the areas of higher education, border management and anti-drugs policy, environment, water management and private sector development. The second joint Commission-Council progress report on the EU-Central Asia strategy and other reports highlight positive results at the end of the first implementation phase. EU action has been relevant in education, health, poverty reduction, regional integration, rule of law, environment and water supply. The investment facility for central Asia (IFCA) was launched in 2010 to support sector policy reforms in energy, climate change, the environment, SMEs, and social infrastructure. A later extension to transport is also envisaged. Following the extension of the EIB’s mandate to cover central Asia, EIB framework agreements were concluded with Kazakhstan and Tajikistan and negotiations were launched with the three other countries.

The energy sector will also be supported via a regional programme designed to increase security, reliability and efficiency of energy supplies in Central Asia.

Much remains to be done, notably to increase visibility and the security aspects of the EU strategy. The mid-term review of the EU regional strategy paper for assistance to Central Asia (2007-2013) was completed in 2010. The process included consultations with stakeholders from the five central Asian countries. It confirmed current priorities for regional and national bilateral assistance. It also agreed with central Asian partners on more targeted support for their social and economic transition in line with DCI objectives and article 8 of the Regulation for Central Asia. The Commission adopted in April a €321 million regional central Asia DCI indicative programme for 2011-2013, which covers both regional and bilateral cooperation with five countries. Five bilateral and one regional annual action programmes for 2010 were approved in the second half of the year.

#### 2.3.2.2. Aid effectiveness and donor coordination

The central Asia regional programme and bilateral cooperation with Kazakhstan, Uzbekistan and Turkmenistan remain project-based, but attention is growing for more donor coordination and aid effectiveness.

Donor coordination is improving across the region, in part thanks to the EU-Central Asia Strategy and its implementation mechanisms, and in part as a result of country-level efforts. The EU has increased its cooperation with IFIs and international organisations, as well as EU member states active in the region. Results have been good overall in terms of enhanced overall coordination and sharper focus on ways to improve the impact of assistance. Synergies have been strengthened, particularly with the EBRD and EIB which resulted in the launch of the investment facility for central Asia.

During 2010, the Commission made further efforts to foster donor coordination and the implementation of the EU code of conduct on division of labour in central Asia. In 2008, the Commission joined a group of donors establishing a joint country support strategy for the Kyrgyz Republic and Tajikistan in support of their respective national poverty reduction strategies. Donor coordination in Kyrgyz Republic and Tajikistan focused on public finance management issues. In 2009, the EU joined a multi-donor trust fund on public finance management in Kyrgyzstan, run by the World Bank, and involving DfID (UK), DECO<sup>60</sup> (Norway) and SIDA (Sweden). For the coming 2011-2013 period, budget support assistance will be consolidated by appropriate policy advice and close monitoring of PFM progress, enabling the use of country systems in accountable and transparent ways, thereby increasing ownership and effective impact.

#### 2.3.3. *Working towards the MDGs*

The global economic downturn has affected central Asian countries to varying degrees. But meeting major challenges in 2010, like public finance constraints and growing unemployment and poverty could exacerbate social tensions and jeopardise the momentum of reforms. Current assistance for rural and private sector development and poverty reduction (which includes migration issues where relevant) remains as important as ever. So too does the focus on improving the rule of law, justice and good governance.

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Development Consulting Services (DECO) was established in Oslo in October 1984

Kazakhstan is the most developed of the five central Asian countries. It has already achieved the first three MDGs (poverty reduction, access to primary education and gender equality) and has consequently adopted more ambitious objectives for those areas (the MDG+ targets). This enhanced version of the MDGs is aimed at strengthening and consolidating these early achievements and setting a new roadmap for the period 2010-2015.

The Kyrgyz Republic is also an early achiever of MDG1 and MDG3 targets and it is well on track to reach MDG2. But both countries need to deploy greater efforts in fighting HIV/AIDS and other infectious diseases (MDG6) and in enhancing environment sustainability (MDG7) where they are regressing in many indicators.

Despite improvements in the Kyrgyz Republic and Tajikistan with regard to MDG1 and MDG2, these countries remain among the poorest in Asia according to the Human Development Index (HDI). But the greatest challenge is for Uzbekistan where the number of extremely poor people has risen. It needs to reduce poverty by 2.5 percentage points a year to reach its target. Progress as regards HIV/AIDS prevalence has been made in all countries except for Tajikistan.

All central Asia countries are off-track on MDG4 (child mortality), with an under-five children mortality average rate of 44 per 1000 and an infant mortality average rate of 38 per 1000 live births. Country performances for MDG5 (maternal health) are mixed, Tajikistan and Kazakhstan are advancing slowly or even regressing. Others, such as Uzbekistan, have already attained or are on track for both of them. In Uzbekistan, the "Mother and Child" programme (see case study) is helping achieving MDGs 4 and 5 as shown by the trend on the indicators for under-five mortality (down 8% between 2005 and 2009) and the infant mortality rate (10% lower in the same period).

#### **Improvement of mother-and-child health services in Uzbekistan**

The mother-and-child health services programme is a three-year project started in 2007 with an overall budget of €3.5 million, in cooperation with UNICEF. It is aimed at improving the quality of services for newborns and their mothers with a direct emphasis on reducing infant mortality (MDG4) and improving maternal health (MDG5). So far the programme has trained more than 13 000 health providers while infant mortality rates, still high in the region, are falling. In the neonatal pathology unit of Samarkand hospital, the mortality rate has dropped by more than one third. Sixteen regional training centres have already been renovated and re-equipped. Targeted training on maternal care is provided to key medical staff in the eight regions covered by the programme. A pool of 665 national and *oblast* trainers has been established. Because of these positive results, a second phase of the programme (with an EU contribution of €6.7 million) will start in 2011. Phase II will carry forward what has already been done in the first phase and will extend geographic coverage to the whole country.

In the MDG context, EU aid under the DCI contributes to the fight against poverty by supporting living standards and human capacity development, agriculture reforms and pro-SME, investment and business capacity programmes. Support also goes to improving health management systems, to enhance social protection and improve education systems. Governance and the rule of law are particularly targeted by EU action supporting judicial

reforms and strengthening public administration and public finance management. Attention is also given to environmental issues and the illegal drugs trade.

#### 2.3.3.1. Implementation and results

EU development cooperation with Central Asia comes under the 2007 EU strategy for the region but only through the financing agreements for annual action programmes, in contrast to other Asian countries. The two poorest and most fragile countries, Tajikistan and Kyrgyzstan, receive bilateral assistance, with larger sector support to help attain the MDGs whenever possible through sector budget support. Assistance to the other three, energy-rich countries are more often limited to technical cooperation, particularly in Kazakhstan.

In 2010, the level of EU commitment increased, to €143 million. A strong emphasis was put on primary, secondary and higher education, governance, employment and social protection, economic transition, and leveraging investments in the priority sectors of energy, environment and water.

The EU committed the 32% of its total 2010 appropriations on social protection. This enabled it to support the Tajik social protection strategy, implemented through budget support. It includes pensions and social security reforms, labour market and migration, social assistance and services to vulnerable groups. In Kyrgyzstan the EU contributed to implementing the sector policy support programme on social protection and public finance management, and to improving the legal and institutional framework for social and child protection reforms. To date, the programme has progressed well. New programmes decided in 2010 will help Kyrgyzstan to refocus its social protection sector. They will also contribute to health and social protection through sector budget support in Tajikistan.

By the end of 2010, 22 new projects managed by local associations in Uzbekistan started to provide a wide range of social services to the most vulnerable population (from legal advice to business opportunities for disabled people).

#### **Kyrgyzstan – Social protection and PFM programme**

The Kyrgyz Republic remains one of the poorest countries in central Asia. This is why social protection has been a focal point of EU support since the late 1990s under the food security programme and is still on the agenda under the DCI.

The sector policy support programme in social protection and public financial management is a €27 million three-year programme started in 2008. It supports policies through the creation of an efficient social assistance system targeted at poor families, and the establishment of institutions to provide better care for deprived children. One lesson learnt from more than a decade of budget support in the Kyrgyz Republic is that using government processes and systems to deliver development aid offers a more effective and focused platform for dialogue and cooperation.

The recent review mission to the Kyrgyz Republic (June 2010) showed that the social protection and social insurance systems have become more effective and have eliminated delays in the payment of pensions and social benefits. All payments are made in cash. Because of high inflation, pensions are indexed on a regular basis. Specific actions have been taken to include childcare social protection, to improve the targeting of benefits, and to establish effective decentralised social services to

support vulnerable families and children. Progress was made towards establishing the legislative and institutional framework for reforms, and in building the institutional and personnel capacity to carry them out. There is a lot of popular support for reforms to social assistance and child protection promoted through the programme and a keen understanding of the issues involved.

In the health sector the Mother-and-Child project in Uzbekistan is continuing to improve the health services delivered to mothers and children, helping the country attain MDGs 4 and 5 (see case study). Other projects in Kazakhstan are helping the ministry of health to provide health services, especially at most vulnerable subjects, as children, mothers or people affected by infectious diseases. In Tajikistan, the EU is developing a health management information system to produce relevant and quality information for health system activities.

EU programmes to strengthen primary and higher education positively affected the whole region, creating strong academic networks and increasing institutional capacity, developing professional curricula, and improving the quality of learning and teaching methods. In 2010, the EU agreed a programme to mainstream children with special needs into the education system in Uzbekistan and renewed its support to the mother-and-child care improvement in Uzbekistan. In Kyrgyzstan, the EU is providing technical assistance to the ministry of education to redesign the national education system. Another programme is targeting professional schools, allowing students to acquire new skills in line with the needs of the local job market. In Turkmenistan, the EU is providing technical assistance to the ministry of education to modernise the education system – with as special focus on general secondary education. Here the aim is to introduce innovative methodologies and teaching approaches to raise the quality assurance system closer to international standards.

At the regional level, EU allocated new funding for quality higher education and vocational training through the Tempus and Erasmus Mundus programmes. It will also support enhanced policy dialogue through the central Asia education platform in the framework of the European education initiative for central Asia.

Governance represented 29% of overall commitments for 2010. The EU is supporting the development and modernisation of parliament and of the public administration in Turkmenistan, together with public sector reform and modernisation in Kazakhstan.

Other new programmes decided in 2010 will support Turkmenistan's reforms in the field of economic policies, strategic planning, parliamentary issues, technical regulation, sustainable development and the rational use of natural resources. In Uzbekistan, the EU will strengthen the bi-cameral parliamentary system and networking by regional authorities. The EU continued to implement ongoing projects in Kyrgyzstan and Tajikistan, assisting both countries to improve public finance management.

On the rule of law, the implementation of the fifth phase of the EU's flagship CADAP regional programme, supporting anti-drug policies of central Asian countries started in 2010. Unlike previous phases, the present phase of CADAP is implemented by a consortium of EU Member States, bringing together the EU's best expertise. The EU continued to implement another flagship regional programme – BOMCA, supporting integrated border management and regional dialogue. The EU will also support wider dialogue with central Asia in the framework of the EU-CA rule of law initiative.

The central Asia human rights reporting project is helping all five republics to develop an effective media sector. Information is more widely shared through local media systems, helping citizens to become more aware of human right issues and thereby raising pressure for government accountability. Successful actions supporting good governance in Kazakhstan include a project to provide access to justice for women and a judiciary programme. These initiatives, focused on developing a solid legal framework, are promoting a favourable environment for investments in the country. After the April 2010 political crisis in the Kyrgyz Republic, the EU has helped the new interim government to draft a new constitution, hold a constitutional referendum and the first elections under the new rules (October 2010).

In the area of economic and private sector development at regional level, the EU promoted job opportunities provided by a growing business and SME sector. Since 2010, the SME sector is further supported by the central Asia invest programme, which supports capacity-building by business intermediary organisations. This new tool should become a strategic instrument in providing assistance to key infrastructures in central Asian countries, where those investments could not otherwise be made. The EU continued implementation of bilateral projects, supporting private sector development, particularly in Kazakhstan.

#### **CAREN – The Central Asia Research and Education Network**

CAREN began in 2008 to increase access to a high-capacity internet network to facilitate information exchange between research and education institutes throughout central Asia. CAREN currently connects scientists and students in Kyrgyzstan, Tajikistan and Turkmenistan, with Kazakhstan and Uzbekistan waiting to join. The network will link over half a million users in more than 500 universities and research institutes, and provide access to European and global research communities. Now researchers, academics and students throughout the region have access to high-capacity internet connections, offering the chance to create new partnership with their peers in others countries. Thanks to the connection of CAREN to the European counterpart system, GÉANT, they can participate in international research. CAREN has a direct impact on people living in this earthquake-prone region, as it allows scientists to exchange seismic data from monitoring stations in near-real time. It also facilitates web- and computer-based e-learning, offering virtual classroom opportunities and digital collaboration. In the public health sector it makes telemedicine possible, where medical information is transferred through interactive audiovisual media for consultation purposes, or sometimes to carry out remote medical procedures or examinations. CAREN's budget is €6.3 million of which, 80% is financed by the EU and 20% by the beneficiary countries.

In Tajikistan, the EU contributed to establishing of a single structure for imports and exports.

The new investment facility for central Asia provides regional and bilateral assistance by blending EU grants and loans from European financing institutions. It is based on the successful implementation of the Neighbourhood Investment Facility. It will target mainly environment, energy, SME and social infrastructure investments, with a possible later extension to transport. The 2010 allocation to the facility was €20 million and it is planned to add at least another €45 million in 2011-2013. The current pipeline of grants and loans has reached €500 million, targeting mainly the energy sector (renewable energies and energy efficiency) and the environment (water and waste water treatment).

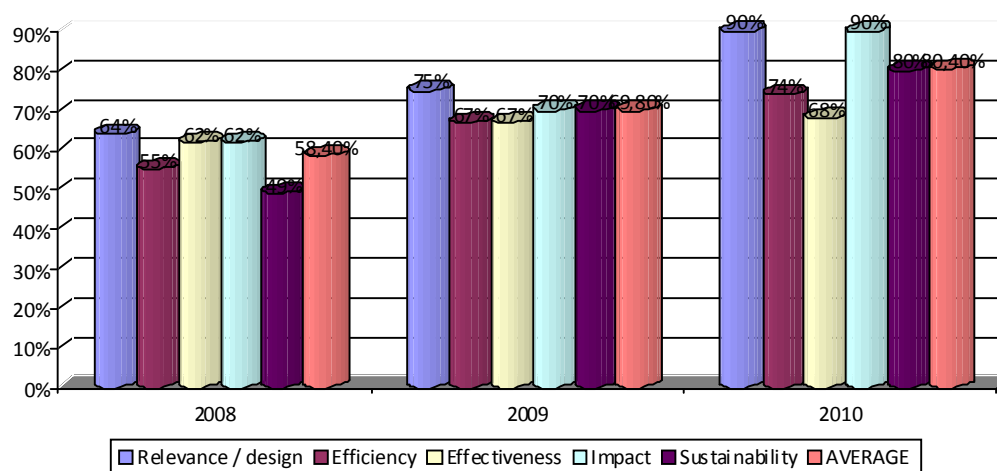
Other initiatives include the economic diversification programme in Kazakhstan that is helping to reduce its overdependence on the energy sector, by creating new business opportunities and increasing competitiveness. The programme is strongly supported and co-financed by the Kazakh government. In Uzbekistan, the EU has provided training and exchange programme opportunities for entrepreneurs within European companies, helping to build local capacity and strengthen managerial skills in the SME sector. Other projects in the region supported the construction of a road through an ethnically sensitive region in Kyrgyzstan and contributed to improving agricultural productivity in Kyrgyzstan, Uzbekistan and Tajikistan.

Finally, the EU has improved the water and sanitation sector in Kyrgyzstan, Kazakhstan, Tajikistan and at regional level within the policy framework provided by the EU water initiative for eastern Europe, the Caucasus and central Asia. Individual projects include the central Asia water governance project and the upcoming central Asia environment and water cooperation platform. In Kazakhstan the Ust-Kamenogorsk Environmental Remediation Project, is pursuing its objective to prevent the contamination by industrial groundwater of the drinking water sources in the city of Ust-Kamenogorsk.

### 2.3.3.2. Monitoring

During 2010, 60 projects were monitored in central Asia, representing a total budget of €89 million. More than half concerned activities related to MDG8 (develop a global partnership for development). Others mainly covered programmes related to MDG1 (eradicate extreme poverty and hunger).

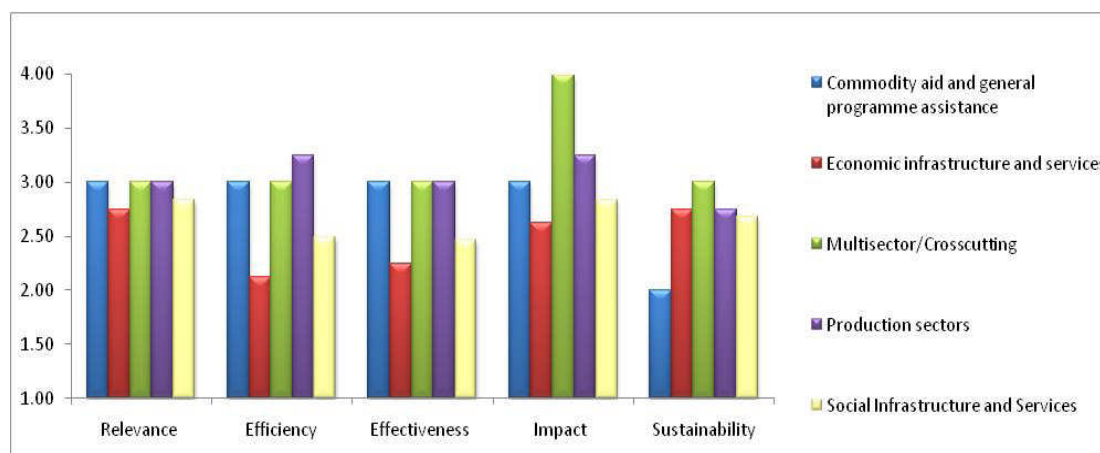
**Table 17 Central Asia- Very good and good ROM scores per evaluation criteria 2008-2010**



**Table 18<sup>61</sup> Central Asia - Scoring of ODA sector by monitoring criteria**

<sup>61</sup> AWP: Annual Work Plan. Source: Result Oriented Monitoring (ROM) Report - first half of 2010.





The average performance of national projects in Central Asia rose between 2009 and 2010, (from 2.78 to 2.98). This confirms the general tendency towards better performance over the years. The percentage of 'a' ratings (very good performance) increased from 1% to 5.4%, 'b' (good ratings) remained at 73%, 'c' (problems) ratings fell from 24% to 21.6%, and 'd' (serious deficiencies) improved from 1% to 0%.

The table shows aggregated data for ongoing and re-monitored projects that received "very good" (a) or "good" (b) marks. Over the years, the project performance has improved for the relevance criterion (from 64% in 2008 to 90% in 2010). Ratings for impact rose from 62% in 2008 to 90% in 2010, while for sustainability they moved up from 49% to 80%. Political dialogue, accurate project design, involvement of stakeholders, and sound management have been key factors in improving overall performance.

### 2.3.3.3. Outlook

Located at the cross-road between Europe, China, Afghanistan and the Middle East, and an important supplier of energy resources its own right, central Asia is of fundamental geostrategic importance to the EU.

For the second phase of the EU strategy in central Asia (2011-2013), a total indicative allocation of €321 million has been made covering regional as well as bilateral cooperation. It gives special attention to governance, supporting administrative capacity-building and judicial reform in Kazakhstan, Uzbekistan and Kyrgyzstan as well as strengthening public administration and public finance management in Tajikistan. Protecting the environment and promoting sustainable growth remain EU priorities, as in Tajikistan where EU will support private sector development in agriculture, and in Uzbekistan where the EU aims to develop the economic potential of rural areas. The EU will also promote a bilateral sustainable energy development programme in Turkmenistan aimed at reinforcing the legislative framework for sustainable development. It will also promote renewable energy projects in all five central Asian countries via a regional operation worth €6 million.

In Kyrgyzstan and Tajikistan, the region's two poorest and donor-dependent countries, EU assistance will continue to focus on poverty alleviation and support for social protection reform. As both countries have good absorption capacity and a proactive attitude to cooperation, the EU is also considering expanding the use of budget support to education in Kyrgyzstan if eligibility criteria are met. In Tajikistan, the EU will continue to support health sector reform.

In Uzbekistan, EU assistance has been more limited. But EU cooperation with the government is improving and opportunities are widely appreciated at local level.

Kazakhstan and Turkmenistan are respectively an upper middle-income and a middle-income country. Both have strategic importance for Europe in terms of energy supplies. Kazakhstan offers the opportunity for know-how transfer and advanced technical cooperation on reform and modernisation; There is high potential for cooperation on issues of common interest (like energy) as well as twinning-like public partnerships with institutions in the EU.

Regional cooperation is of a strategic importance for central Asian countries which face common challenges requiring a regional approach. New EU funding for 2011-2013 focuses on three main sectors: sustainable regional development (IFCA & renewable energies programme), higher education (Tempus, Erasmus Mundus, CAEP) and governance/rule of law (BOMCA, CADAP).

## **2.4. Latin America**

### **2.4.1.1. Introduction**

Political relations with Latin America continued to strengthen in 2010 in line with the Commission's Communication on Latin America of September 2009. The sixth EU-LAC (Latin America and Caribbean) summit took place in Madrid in May 2010. It was the occasion to take stock of progress made to implement the communication; to deepen political dialogue and regional integration; to promote social cohesion; and to encourage closer bilateral relations between individual countries of the region. The summit achieved several results:

- negotiations on an association agreement with central America were concluded;
- negotiations for an association agreement with Mercosur were resumed (after a six-year stalemate);
- the completion of negotiations for a trade agreement with Colombia and Peru in March 2010 was officially welcomed;
- the Latin America investment facility (LAIF) was launched;
- the decision was taken to establish the EU-LAC Foundation;
- a 2010-2012 action plan was adopted and is now being implemented.

In parallel to the Madrid summit, a number of important meetings took place in May. EU-LAC foreign ministers agreed to create a task force to improve the functioning of the EU-LAC strategic partnership and summits. The EU-Mexico bilateral summit formally endorsed the joint executive plan of the EU-Mexico strategic partnership and agreed on the importance of launching sectoral policy dialogues on macro-economic issues and security. The summit with Chile provided the occasion to establish closer contacts with the government of president Sebastian Piñera, to discuss the aftermath of the February 2010 earthquake, and to welcome the establishment of the Association for Development and Innovation and Chile's signature of a framework agreement with the EIB. Besides re-launching negotiations for an association agreement, the summit with Mercosur resulted in commitments by leaders to avoid

protectionism, to cooperate more closely on science and technology, and to increase coordination in international fora. The summit with the Andean Community welcomed the conclusion of negotiations for the trade agreement with Colombia and Peru. It also agreed to step up cooperation in the fight against drugs. The summit with Central America welcomed the conclusion of negotiations for the association agreement and agreed to intensify cooperation on security- and climate change-related matters.

An EU-Brazil summit took place in Brasilia in July, confirming the solidity of the bilateral relationship. It explored climate change, the international economic and financial crisis and the G20 process. Civil aviation agreements were signed. A ministerial meeting of the Rio Group was held in New York in September (at the time of the UN General Assembly). It discussed *inter alia* prospects for the “*Comunidad de Estados de América Latina y el Caribe (CELAC)*”, whose creation was decided by LAC partners in February.

Three EU-LAC senior officials meetings took place in 2010, with the main objective to prepare the Madrid summit. The EU-LAC structured dialogue on migration continued. Three high-level meetings took place in 2010 focusing on education, health, vulnerable groups and family-related matters from a migration perspective. As part of the structured dialogue on drugs, a high-level meeting took place in Madrid in April. The main issues were drug-related environmental problems, cooperation with west Africa and financial needs for combating illicit drugs.

Formal texts were prepared for the agreements with Colombia and Peru and with central America during the second half of 2010, with a view to possible signature before the end of 2011 or in the case of Central America in 2012. Several rounds of negotiations with Mercosur have taken place since the resumption of negotiations, with a timetable agreed for 2011.

In the context of existing contractual frameworks with individual Latin American countries, joint committees with Argentina, Mexico and Chile took place.

Political consultations were held with privileged partners such as the United States, Canada and Russia. These meetings discussed important issues related to Latin America such as security, trade and investment, natural disasters and regional integration, as well as – where appropriate – specific country-related matters.

#### 2.4.1.2. Aid effectiveness and donor coordination

Efforts continued to foster aid effectiveness and the division of labour among donors in Latin America. Six countries (El Salvador, Honduras, Nicaragua, Peru, Bolivia and Colombia) are participating in an OECD survey to monitor progress by donors and partner countries on the Paris and Accra commitments. These country-level surveys will show Commission's performance until December 2010, and will measure progress since previous surveys (2006 and 2008). The OECD report will be presented at the fourth high-level forum on aid effectiveness in Busan, in 2011.

EU delegations continued their pro-active role in promoting division of labour among donors, fostering policy dialogue with partner governments, through the participation in donors-governments sector groups, and supporting partner governments' own coordination initiatives. In Bolivia, one of the pilot countries of the EU Fast Track Initiative for the Division of Labour, the EU continues to lead in the implementation the aid effectiveness agenda. In El

Salvador, the EU has subscribed to a commitment for a national agenda on aid effectiveness" proposed by the Salvadorian government in June 2010 to donors and civil society organisations.

A number of partners in Latin America, namely Brazil, Mexico and Chile, are interested in triangular cooperation with the EU. A triangular cooperation initiative with Mozambique was launched in the field of bio-energy at the EU-Brazil summit in July.

The design of all new operations in Latin America follows the recently-adopted EU backbone strategy on technical cooperation, whose objective is to make technical assistance more effective, notably by providing support for demand-led capacity building.

#### 2.4.1.3. Working towards the MDGs

Despite the high levels of inequality within and between Latin American countries, the report "Achieving the MDGs with equality in Latin America and the Caribbean: Progress and challenges (2010)"<sup>62</sup>, says Latin America is on track to reach the targets on extreme poverty, child mortality and access to safe drinking water and basic sanitation. However, six of the eight MDGs will not be met if prevailing trends persist. These include targets related to undernourishment (MDG1), completion of primary education (MDG2), though important progress has been made and 95% of children in Latin America are enrolled, gender parity in national parliaments as a principal indicator of gender equality and female empowerment (MDG3), and maternal health (MDG5).

##### **Improve health conditions in Nicaragua**

The PRASNIC project in Nicaragua, with an EU contribution of €11 million, improved hygiene and health conditions in rural areas. The chances of sick children under five dying as a result of water-borne infectious diseases and diarrheic diseases was reduced from 63.3% to 41.4%. In addition, 52 000 people now have access to clean water and 145 000 people have access to basic sanitation. The project supported the construction of sanitary infrastructures in schools and households, such as 140 small aqueducts, 120 wells, 800 rain water containers, 15 000 latrines, 100 public toilets, 300 improved household floors, 10 000 improved stoves and the protection of 20 water points and river basins.

The EU contributes actively to the achievement of the MDGs in Latin America. On MDG1, two programmes implemented in Peru and Guatemala, with EU contributions of €60.8 million and €33.8 million respectively, are helping to reduce chronic malnutrition. Several projects in Cuba under the food facility (EU contribution €11.7 million) and food security (EU contribution €16.5 million) are increasing local food production by supporting farmers and cooperatives, mostly through NGOs. In the area of MDG2, several programmes support national governments in the implementation of educational policies, such as PAPDE I and II in Ecuador (EU contribution: €75.2 million) and a €54 million education programme in Paraguay approved in 2010. On MDG3, a €4 million project in Costa Rica promotes the entrepreneurial capacities of women to strengthen their economic independence.

##### **Fighting poverty in Peru**

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<http://www.eclac.org/publicaciones>

The EU-Peru programme to fight poverty in metropolitan Lima (PROPOLI, with an EU contribution of €12 million), financed the creation of 780 micro-enterprises in the sectors of production, services and trade. Close to 10 000 micro-enterprises received training, consultancy and technical assistance, while 700 women took up trading activities.

#### 2.4.1.4. Implementation and results

The Commission adopted 24 actions in Latin America in accordance with the 2010 annual action plans with a total value of €356 million. The most important areas concern the fight against poverty, social cohesion, mutual knowledge and understanding, sustainable development, the fight against drugs, and trade and the private sector.

Under social cohesion, a €22.5 million programme was approved to support Guatemala's justice and security sector. In El Salvador, the EU will finance the economic recovery plan (PARE-ES), with a contribution of €24.2 million. The programme aims to alleviate the impact of the economic crisis in El Salvador by supporting fiscal reform to improve tax collection and optimise spending.

##### **Support for secondary education in Honduras**

The European Union backed the PRAHEMO programme on secondary education in Honduras with a contribution of €28 million. The programme trained more than 4 000 teachers in professional and technical training skills. A total of 446 students benefited from grants guaranteeing their access to training and entry into the workforce. In addition, the programme provided infrastructure and equipment for 33 workshops, 42 laboratories and 18 classrooms in 19 secondary schools.

The EU agreed to contribute €30.4 million to a programme to stabilise peace in Colombia. It will help create local conditions to foster social, economic and political development which can lay the foundation for active citizenship and peaceful conflict resolution. In Bolivia, a €9 million project will support the implementation of the national strategy to fight drug trafficking and revalorization of the coca leaf in a climate of peace, coordination, participation and respect of human rights.

To support trade and the private sector, a €13 million project in Bolivia was adopted, to increase employment and reduce poverty by helping Bolivia diversify and increase its exports. In Argentina, a €9.8 million project was approved to strengthen SME competitiveness and create jobs.

##### **Support for the production and export of quality agricultural products in Nicaragua**

The objective of the project was to increase the production and raise the quality standards of Nicaraguan agricultural products so that they meet requirements for exporting to the EU market. The EU contribution towards the project was €5 million, and it was implemented between 2006 and 2010. During this period, the capacities of the ministries for agriculture and commerce were strengthened by providing training and equipment. In particular, the conditions for sanitary and phytosanitary supervision were improved to meet EU standards. Agricultural producers and food

processors are incorporating good production practices, including self-regulation/safety, risk analysis and critical control in their production lines. Thanks to the project, 100 cattle farms apply traceability norms and 30 shrimp farms now meet EU standards.

In Honduras, a €21 million project was adopted to support the management of forest and protected areas and wildlife. Full cooperation with Honduras was resumed in 2010 after presidential elections there. A similar €7 million project in Brazil will strengthen the sustainable use of protected areas in the Terra do Meio region (State of Pará).

In May, the European Commission adopted the first country strategy paper for Cuba (2011-2013), which will serve as the basis for future bilateral cooperation.

The Commission gives high priority to supporting integration processes in Latin America. In the Andean Community, two actions were approved in 2010: one to support regional participative integration (€8 million) and the other on institutional strengthening (€1 million). The EU provided €6.7 million for EU-Mercosur study centres.

To support regional integration and to consolidate peace between Peru and Ecuador, the EU contributed €51 million to upgrade the Piura-Guayaquil highway. The project, which included road infrastructure works, building the "*Centro Binacional de Atención en Frontera*" and activities for social and economic integration, has improved the quality of life of border communities by reducing transport times and increasing trade between Peru and Ecuador.

Sector support programmes since 2003 have benefitted nine of the 17 partner countries in Latin America: Guatemala, Honduras, El Salvador, Nicaragua, Ecuador, Peru, Bolivia, Paraguay and Uruguay. With a total commitment of €712 million (about 30% of total aid funds for the region between 2003 and 2010), the programmes covered education, water supply and sanitation, health, and government and civil society.

In 2010, the Commission adopted two sector policy support programmes. One was the economic recovery plan for El Salvador (PARE-ES). The other was Bolivia's programme for water and sanitation in suburban areas (PASAP), with an EU contribution of €20 million. It supports government policy in water and sanitation, including climate change adaptation measures.

The decision taken by the Commission and other EU donors to suspend from January 2009 the disbursement of aid to Nicaragua channelled through the budget was maintained in 2010. As agreed, the Commission pursued its other aid activities and maintained a dialogue with the Nicaragua government, particularly in the areas of governance and electoral reforms. The EU might review the situation in the light of a positive evolution in these areas.

### **Reducing chronic malnutrition in Peru**

Following a constructive and open dialogue with the government of Peru, the EU is contributing €60.8 million towards the Peruvian nutritional programme (PAN), which aims to reduce chronic malnutrition and fight poverty. Euro-PAN, officially launched in February 2010 in Lima by Peruvian President Alan Garcia, focuses on the 20% most vulnerable population of the three poorest Peruvian regions. Euro-PAN has already generated positive improvements in both the nutritional and financial policies of Peru.

The following regional programmes continued in 2010:

- Alban programme for higher education and training scholarships in the EU for Latin American citizens.
- ALFA III programme between higher education institutions of the EU and Latin America.
- EUROsociAL I programme, supporting new practices and policies to increase levels of social cohesion in Latin American societies.
- AL-INVEST programme to facilitate the international activities of Latin American SMEs.
- @LIS 2 programme (alliance for the information society) aiming to reduce the digital divide and the integration of Latin America into the global information society.
- URB-AL programme, targeting local authorities of the EU and Latin America as well as other actors involved in the urban sector.

#### **URBAL-III Project "*La Basura sirve*"**

The project "*La Basura sirve*" (EU contribution: €2 million) aims to raise environmental awareness and to promote recycling as an instrument for social cohesion in six Latin American cities. This is done through promoting the experiences of the cities of Santiago de Surco (Peru) and Cuenca (Ecuador), considered as pioneer models in Latin America for their policies and innovative practices in environmental management. These experiences constitute an important instrument for social and economic cohesion through the creation of new jobs and the heightened awareness of young people of environmental topics.

- Erasmus Mundus, which contributes to the promotion of partnerships and institutional cooperation exchanges between higher education institutions from both regions.
- EURO-SOLAR programme to reduce poverty in eight beneficiary countries (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru), by enabling remote rural communities without access to electricity to benefit from renewable energy sources.

#### **EURO-SOLAR: Renewable energies for sustainable development**

The EURO-SOLAR programme (2007-2011) provides 600 isolated rural communities with a hybrid system of photovoltaic panels, sometimes combined with a small back-up wind generator, to produce electricity to be used by local communities for social and economic development. EURO-SOLAR supplies electricity without affecting climate change, for a wide range of applications (education, health, communication and information technologies and productive activities). The EU contributes €28.7 million to the programme, which is a good example of an action combining poverty alleviation and moves toward a low-carbon economy.

In 2010, the following regional programmes were launched:

- COPOLAD: a cooperation programme between Latin America and the European Union on anti-drugs policies.
- EUROsociAL II: a programme, to continue support for national public policies to enhance the level of social cohesion and strengthen the institutions responsible for their implementation.
- EUrocLIMA: an EU-LA environmental programme complementing European actions on climate change already carried out in the region aimed at knowledge sharing, fostering structured and regular dialogue at all levels, and ensuring synergies and coordination of current and future actions.
- RALCEA: a project to improve water management by developing technical capacities in order to impact on political decision-making, and to contribute to sustainable management of water resources with information-based policies, in line with the aims of the EU water initiative in the region.
- LAIF (Latin American Investment Facility): to promote additional investments in key infrastructures, focusing on transport, energy, and environment. The facility also supports social and private sector development in Latin American countries.

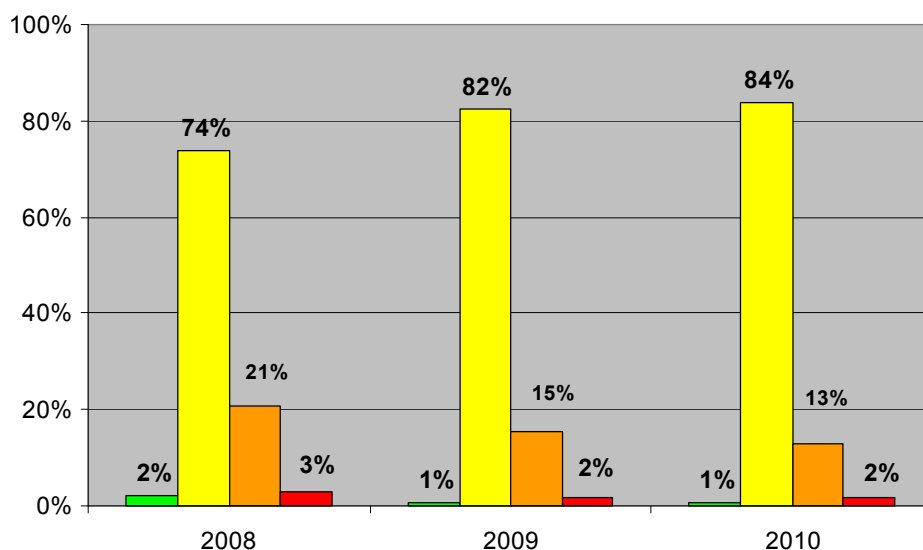
#### 2.4.1.5. Monitoring

In 2010, 20 monitoring missions examined projects in all 17 countries in the region. A total of 180 ongoing projects were monitored including bilateral, regional and sub-regional projects. One sector policy support programme was monitored in Bolivia. The total value of ongoing projects monitored amounts to €663.3 million, which represents 43% of the overall value of ongoing projects in the region. In addition, a total of 44 completed projects were monitored *ex-post* with a total value of €169.3 million.

As the table shows, 85 % of projects in Latin America are performing well or very well, while 13% have some problems and 2% experience major difficulties. The percentage of projects doing well or very well has increased from 76% in 2008 to 85% in 2010. The number of projects facing difficulties fell from 21% in 2008 to 13% in 2010. This positive trend is confirmed by the so-called re-monitoring exercise: out of the 180 ongoing projects monitored in 2010, 36 (20%) had been monitored previously in 2008 and 2009, showing a positive evolution in their performance.

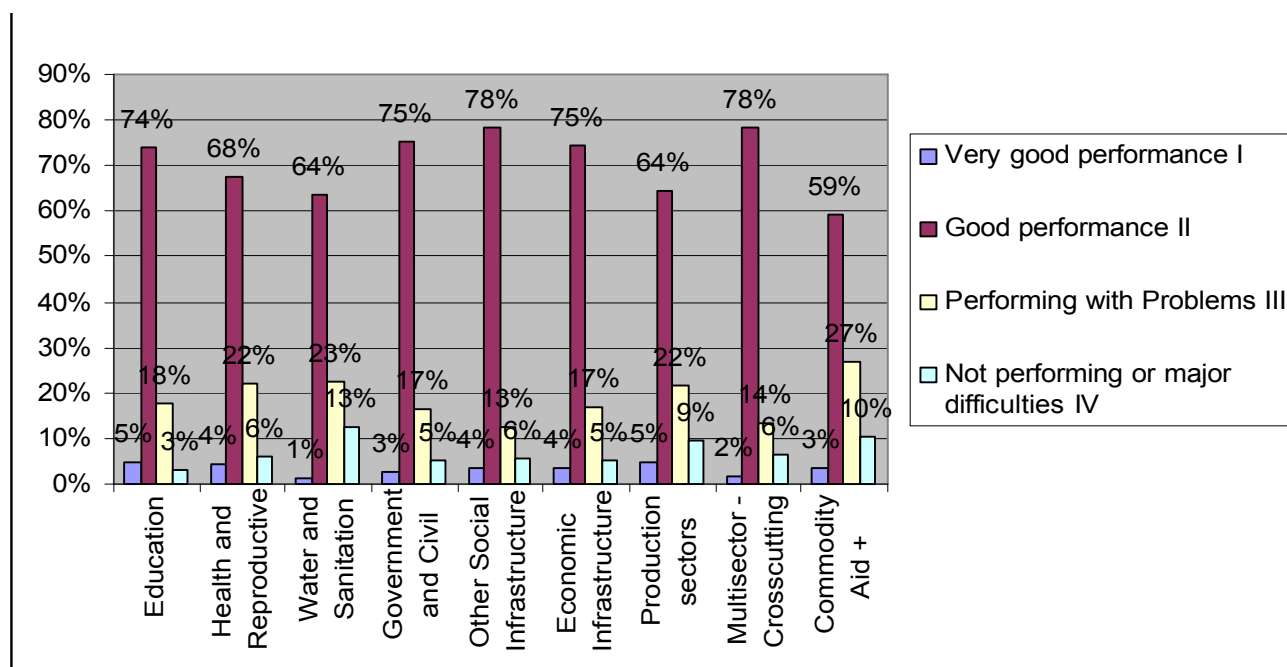
**Table 19 Latin America- performance of ongoing projects**





Very good performance,  
 Good performance,  
 Performing with problems,  
 Not performing or having major difficulties.

**Table 20 Latin America- Project performance per ODA sector**



Ongoing projects monitored in 2010 in Latin America show that 85% have scores of very good or good for relevance and quality of design, and 88% have very good impact or potential impact (i.e. contribution to improving the livelihood of the people and/or the overall environment in which they operate). Social infrastructure and services (mainly governance and civil society) is the most important sector in Latin America, followed by the production sector and multi-sector/crosscutting. All sectors are showing a good performance with the majority of projects (84 % as an average) on track.

#### 2.4.1.6. Outlook

EU policy priorities for Latin America in the coming years were defined in the 2009 communication "EU and Latin America: Global players in partnership". Financial resources will concentrate as before on the poorest countries – notably to promote sustainable economic and social development and to reduce inequalities. The EU will also look at new forms of cooperation with countries with higher levels of development.

The mid-term review of the regional and country strategy papers 2007-2013 was completed in 2010. It largely confirmed the cooperation strategies based on social cohesion and regional integration for the remaining period (2011-2013). The financial allocation for the period 2011-13 for the Central America regional strategy was increased by €20 million to respond to the needs related to the conclusion of the Association Agreement as well as the increasing vulnerability of the region on security and trans-border criminality. For MERCOSUR, the emphasis will be on a research project on biotechnologies. For the Andean Community climate change was included as a new priority.

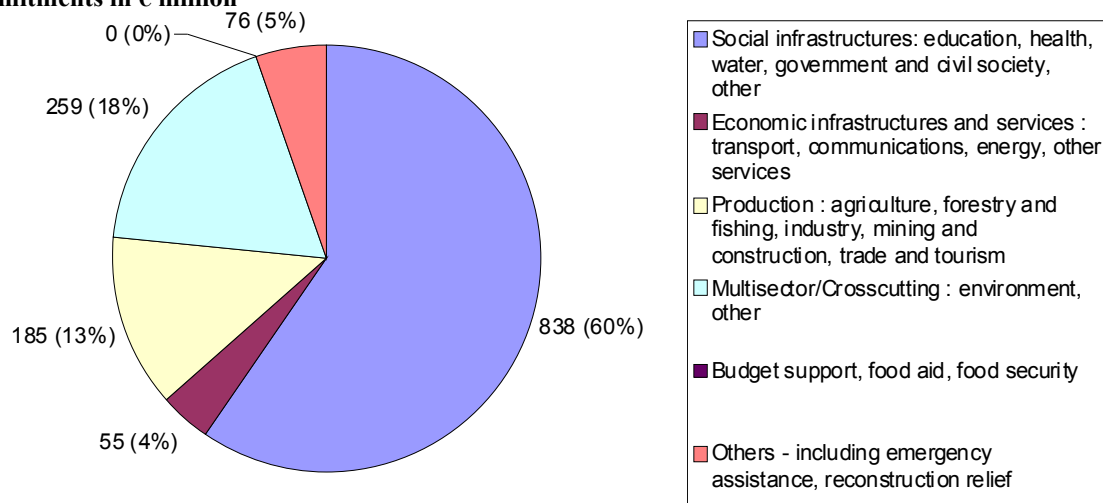
Following the adoption of the first country strategy paper in 2010, bilateral cooperation activities with Cuba will start in 2011.

Special attention will be paid to the impact which the Madrid action plan will have. The plan identifies instruments and activities which, if properly implemented, should lead to concrete results guaranteeing ownership and capacity-building in several key areas.

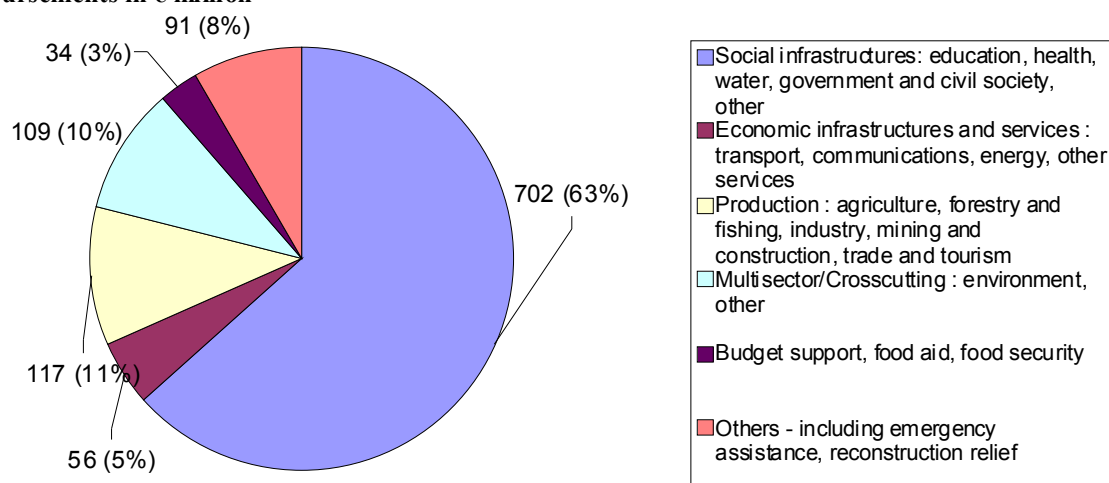
The Commission will continue to foster closer coordination on development cooperation with EU member states and multilateral donors. It will also seek to apply aid mechanisms which promote dialogue and ownership and which use partners' national procedures, whenever the appropriate conditions are met.

**Table 21 DCI Geographic - Breakdown by sector of external aid financed on the general EU Budget managed by EuropeAid in 2010**

**Commitments in € million**



**Disbursements in € million**



Bilateral and multilateral ODA (EuropeAid only).

**Table 22 DCI Geographic - External aid financed on the general EU Budget managed by EuropeAid**

€ millions	2007	2008	2009	2010
<b>Commitments</b>	1 362	1 371	1 414	1 422
<b>Disbursements</b>	1 279	1 137	1 192	1 127

Bilateral and multilateral flows (EuropeAid only).

**Table 23 DCI Geographic - General and sector budget support per country**

Commitments in € million

Country	GBS / SBS	Sector	Description	Total
Bhutan	SBS	Decentralisation and support to subnational government	Support to the local governance support programme	2.80
Bhutan	SBS	Rural development	Renewable natural resource sector programme	5.60
Bolivia	SBS	Basic sanitation	Support to the national sanitation plan	20.00
Cambodia	SBS	Primary education	Education sector policy support programme 2011-2013	30.80
El Salvador	SBS	Public finance management	Programme for economic recovery PARE-ES	24.20
Indonesia	SBS	Education policy and administrative management	Education sector support programme Phase I	56.00
Kyrgyzstan	SBS	Social/ welfare services	Sector policy support programme, social sector	13.00
Nepal	SBS	Civilian peace-building, conflict prevention and resolution	Support to stability and peace building	22.00
Pakistan	SBS	Education policy and administrative management	Khyber Pakhtunkhwa education sector reforms programme	15.00
South Africa	SBS	Basic health care	Primary health care sector policy support programme	126.00
Tajikistan	SBS	Social/ welfare services	Human development support programme	26.00
Vietnam	SBS	Health policy and administrative management	Health sector policy support programme	39.25
Vietnam	SBS	Multisector aid for basic social services	Raising the living standards of ethnic minorities	12.00
<b>Grand Total</b>				<b>392.65</b>

### 3. IMPLEMENTATION: THEMATIC OVERVIEW

This chapter presents EU external assistance on a thematic, rather than geographic basis.

The main implementation instruments covered by this report are:

- the Development Cooperation Instrument – thematic programmes
- the European Instrument for Democracy and Human Rights (EIDHR)
- the Instrument for Stability (IfS)
- the Instrument for Nuclear Safety Cooperation (INSC).

A section of this chapter is dedicated to humanitarian assistance<sup>63</sup>. This report does not, however, cover the Instrument for Pre-Accession (IPA)<sup>64</sup> nor the EU's Common Foreign and Security Policy<sup>65</sup> (CFSP), on which separate reports are provided.

<sup>63</sup> The European Commission's Humanitarian assistance is covered in more detail by the annual reports on humanitarian aid [http://ec.europa.eu/echo/media/publications/annual\\_reports\\_en.htm](http://ec.europa.eu/echo/media/publications/annual_reports_en.htm)

<sup>64</sup> For more information and annual reports on the IPA: [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/instrument-pre-accession\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/instrument-pre-accession_en.htm)

<sup>65</sup> For more information on CFSP: [http://ec.europa.eu/external\\_relations/cfsp/intro/index.htm](http://ec.europa.eu/external_relations/cfsp/intro/index.htm)

Some figures and data are used to illustrate this chapter but detailed financial information can be found in the annexes to the present document.

### **3.1. Thematic programmes**

#### *3.1.1. Investing in people*

The EU continues to help low-income countries to achieve the MDGs and to deliver social services to their citizens. It supports health, education, employment, social inclusion and culture through country programmes and regional programmes as well as worldwide thematic programmes. It deploys different delivery methods including budget support. In 2010, the proportion of country-level assistance to basic and secondary education and basic health was 22% of DCI commitments. The aim is to support national policies and strengthen national and local delivery systems, while keeping a focus on the results to be delivered.

The Commission completed a mid-term review of the thematic programme for human and social development "Investing in People" in 2010. The programme, covering the period 2007-2013, supports thematic activities in health, education, knowledge and skills, gender equality, and other aspects of human and social development (employment and social cohesion, children, youth and culture). As a result of the mid-term review it was decided that programming in 2011-2013 should follow the original strategy and continue to focus on all four main pillars of thematic action. The programme will, however, move away from supporting actions in all areas every year to supporting each area in turn over a longer time frame.

#### **Health**

Specific support was provided in 2010 to major health and health-care problems that pose particular challenges to countries, services and populations. The EU launched a worldwide call for proposals for innovative approaches to address the shortage of human resources in the health sector. A total of 17 projects were contracted in this area for a total value of €14.5 million. Another call for proposals dealt with advocacy and technical support for the development of national strategies on sexual and reproductive health and rights (€34 million, 28 projects selected). This was complemented by direct support to UN agencies to promote better links between HIV/AIDS care and general reproductive health care (€7 million). For the first time, the burden of non-communicable diseases on low-income countries was the object of a call for proposals (10 projects selected). The EU budget contributed €50 million to the Global Fund against HIV/AIDS, tuberculosis and malaria (with a further €50 million coming from the EDF). Capacity building for non-state actors was specifically addressed in a call for proposals on HIV/AIDS and tuberculosis prevention, treatment and care in the eastern neighbourhood.

#### **Education**

The second pillar of the investing in people (IiP) programme supports activities to promote universal access to quality primary education. The EU contributed to this objective in 2010 with €5.8 million via the Fast Track Initiative catalytic fund.

In 2010, the FTI underwent reform following recommendations and observations from an external mid-term evaluation. The main areas of reform include expanding the scope of the FTI to all Education-for-All goals and reinforcing the country focus, results monitoring and

mutual accountability of partners. The goal is to strengthen the partnership's value-added, and improve the effectiveness of education aid. Another key reform concerns the global-level governance structure and the establishment of one single FTI fund to replace the three previous ones.

In addition to its FTI involvement, the Commission took part together with the Netherlands ministry of foreign affairs in evaluating the global programme EEPCT (Education in Emergencies and Post-Conflict Transitions) managed by UNICEF. A second disbursement of €1.2 million was made to this programme before the end of 2010.

### **Employment and social protection**

In 2010, the European Commission launched two calls for proposals in the sector of employment and social protection. One was aimed at developing technical and vocational education and training methodologies and services for the informal economy (€17 million). The second focused on social protection and employment issues which enhance social inclusion and social protection of workers in the informal economy and of vulnerable groups at community level (€21.2 million). A study on the issue of disability in EU development cooperation was carried out in close cooperation with civil society. Under the IiP programme, four larger projects with a total value of €11.3 million are jointly managed with the International Labour Organisation (ILO). The projects seek to develop new tools which can be tested and implemented in different regions of the world. The projects cover: trade and employment, statistical systems, social protection and employment policy in developing countries, occupational safety and health.

### **Culture**

The investing in people programme promotes access to culture and the protection and promotion of cultural diversity, including inter-cultural dialogue and equal respect for the dignity of all cultures. In 2010, the programme issued a call for proposals for €7 million with an additional €8.4 million from the Eastern Partnership culture programme.

The theme of this call was strengthening capacities in the cultural sector as a factor in development. The objective is to improve governance and structuring of the cultural sector to enhance the role of cultural actors in sustainable economic, social and human development. The cultural sub-sectors concerned include activities with an artistic and/or cultural content across creative industries such as music, cinema and audiovisual, literature and publishing, heritage, visual arts, performing arts, plus cross-sectoral items like cultural tourism, education or communication. The specific aim is to strengthen capacities of cultural actors and their role in governance, to increase participation in governance and inclusive cultural policies, and to reinforce cultural cooperation as part of regional integration and international networking.

In parallel, a joint technical assistance programme with UNESCO is supported (€1 million) to strengthen the governance of culture in developing countries. This project addresses countries eligible under the programme which have ratified the 2005 Convention on the protection and promotion of the diversity of cultural expression. The assistance will be based on the needs and priorities identified by beneficiary countries and will support their efforts to establish legal, regulatory and/or institutional frameworks necessary to develop the culture sector in their country, and introduce policies that address the role of culture in social and economic development. In this way, the project aims to reinforce the role of culture as a vector for sustainable development and poverty reduction.

### 3.1.2. *Non-State actors and local authorities in development*

In 2010, the European Commission issued calls for proposals addressed to non-state actors and local authorities to enable them to obtain funding for development-related projects. For country-based programmes implemented locally, each EU delegation launched calls for proposals defining country priorities and eligible applicants, ensuring complementarity and consistency with the EU development cooperation programme. For multi-country operations, plus development education, awareness-raising and coordination, global calls were launched at headquarters level.

Three NSA-targeted projects were also funded: one operating grant to Concord, the European confederation of NGOs, and two strategic projects implemented in cooperation with the EU presidency.

The Commission also engaged in the DEAR study, a project aimed at defining its strategy on development education and awareness-raising in Europe<sup>66</sup>. This was carried out in broad consultation with stakeholders and should result in a more strategic approach by the EU and better coordination with similar national efforts by Member States.

The Commission implemented its strategy for local authorities as defined in its Communication “Local authorities: actors for development”. The year 2010 was marked by the implementation of projects following a call for proposals specifically aimed at local authorities, launched in December 2009 at headquarters level. This call ensured their increased participation in the NSA/LA programme. It received 444 project proposals.

In addition, an atlas on decentralised cooperation, financed by the Commission, was prepared and released in the first quarter of 2010. It is available on the website of the Committee of the Regions<sup>67</sup>. The portal of decentralised cooperation, also hosted by the Committee of the Regions, was established as a working tool for European local authorities operating in the field of development cooperation.

At policy level, a positive discussion took place between member associations of PLATFORMA<sup>68</sup> and the Commission services. PLATFORMA is the dialogue platform for local authorities working in development cooperation. It organised two regional seminars for local authorities in 2010. Key issues addressed were the added value and impact of local and regional authorities in development and how this could be best reflected in European policies.

Throughout 2010, EU headquarters and Delegations carried out regular consultation and cooperation with local authorities and non-state actors, e.g. during the drafting of EU development strategies and the implementation of development policy actions. In this context, one important initiative was the launch of the structured dialogue with non-state actors and local authorities in March 2010. It will continue into early 2011 and will seek to reach a common understanding on the main issues related to the strategic role of non-state actors and local authorities in EU development activities and to increase the effectiveness of their involvement.

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<sup>66</sup> [https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/DEAR\\_study](https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/DEAR_study)

<sup>67</sup> <http://portal.cor.europa.eu/atlas/en-US/Pages/welcome.aspx>

<sup>68</sup> <http://www.platforma-dev.eu/en/homepage.htm>

### **The structured dialogue for an effective partnership in development<sup>69</sup>**

A structured dialogue for an effective partnership in development was launched in March 2010 and will be completed in May 2011 with a final conference in Budapest.

This 14-month initiative aims at increasing the effectiveness of all stakeholders in EU development cooperation. It is a multi-stakeholder dialogue, involving the Commission, EU delegations, member states, the European Parliament and civil society organisations & local authorities from EU and partner countries. In total, 30 days of consultation have been organised bringing together more than 600 participants.

The results of this process will feed into forthcoming decisions on EU programmes and instruments and will be used for drafting operational guidelines on Commission delivery and selection mechanisms.

The Commission is seeking to further refine the tools mobilised to support these actors and build their capacity. Preparations for a mapping study in Latin America were finalised, and another has started for Asia. In both cases, the idea is to provide guidance on how better to identify the actors, their added-value, strengths and weaknesses and the global context in which they operate and to integrate this knowledge into implementation strategies.

Under the programme's multi-annual strategy (2007-2010), the Annual Action Programme for 2010 allocated a total of €219.4 million: €183.8 million for NSAs and €35.6 million for local authorities. For in-country operations, €134.7 million were set aside for NSAs and €18.4 million for LAs. With these funds, operations in 87 countries are being launched.

Successful examples of projects financed under this programme include *inter alia* a project implemented in the West Bank to facilitate the life of persons with disabilities, the elderly and patients by improving their access to rehabilitation and ability development. Another project in Jordan and Syria, strives to improve women's quality of life among rural communities and to enhance their access to the labour market.

Further to the evaluation of the 2007-2010 strategy, the objectives of the new strategy for 2011-2013 reflect continuity with the previous period and the intention to adopt a more strategic and focused approach. The new strategy opens up the possibility to explore new and more effective aid delivery methods, in line with the Paris Declaration and the Accra Agenda for Action.

### **CiSocH: a single-entry point for information about and for civil society and development cooperation<sup>70</sup>**

In 2010, the European Commission developed a new online portal aimed at civil society organisations and local authorities: CiSocH (Civil Society Helpdesk). Its aim is to provide a single entry point to facilitate access to existing information on topics of specific interest to NSA-LA – making procedures, vocabulary and working methods easier to understand.

<sup>69</sup> [https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Structured\\_dialogue](https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Structured_dialogue)

<sup>70</sup> [https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Main\\_Page](https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Main_Page)



CiSoCH's strength is that it brings together access to targeted information available elsewhere (the Commission, Council, other websites) and organises that information around "concepts" which relate to key issues of particular interest to civil society. Under each concept, a short description of the topic is given, as well as links to relevant documents, webpages, etc.

### 3.1.3. *Migration and asylum*

The Stockholm Programme - an open and secure Europe serving and protecting the citizens, adopted by the European Council in December 2009, and its April 2010 action plan, confirmed the EU's global approach to migration. This is built around three pillars: facilitating labour migration, preventing and curbing irregular migration and promoting links between migration and development as the strategic external dimension of EU migration policy. The thematic programme "Cooperation with third countries in the areas of migration and asylum" (TPMA) is the main instrument for external cooperation on migration and asylum. While recognising eastern Europe, the Mediterranean and Sub-Saharan Africa as EU priority regions for cooperation on migration and asylum, the programme stresses the importance of more cooperation with countries like China and India and regions like central Asia, Latin America and the Caribbean.

The 2010 TPMA annual action plan included the following measures:

- €7 million for targeted projects linked to the implementation of mobility partnerships with Cape Verde, Moldova and Georgia;
- €3 million for a targeted project to strengthen dialogue and cooperation between the EU and Latin America and the Caribbean to establish management models on migration and development policies;
- €6.6 million for regional protection programmes (north Africa, Tanzania and eastern Europe) targeting the refugee populations;
- a call for proposals combining the budgets for 2009 and 2010 totalling €70 million. The amount earmarked for 2010 is €31.4 million;
- €5 million for special measures.

Closed in November 2010, the call for proposals resulted in the submission of more than 370 concept notes, from which 61 projects were selected. In addition, the Commission decided in November to reallocate the €5 million earmarked for special measures to finance a further four projects from the reserve list of the call for proposals. Forty-two projects were contracted before the end of 2010 and the rest will be signed during 2011.

Issues covered by the selected projects include: preventing and curbing irregular migration and facilitating the readmission of illegal immigrants; protecting migrants against exploitation and exclusion and supporting the fight against trafficking in human beings; promoting asylum, international protection and the protection of stateless persons. For example, the Interregional network "Migration Rights" offers legal assistance to refugees and migrants in Russia. Another project aims to combat human trafficking from Morocco and Egypt to Jordan and to protect women migrant workers in Jordan. A third project will set up a European-wide

African diaspora platform for development. Finally, a project aims to strengthen the capacity of policy-makers and social partners to adopt and implement gender-sensitive labour migration policies, legislation and administration in Central America.

The mid-term review of the TPMA was completed in March 2010. The principal lessons learned have been taken into account for the 2011-2013 strategy, which will be approved in early 2011. As recommended by the review, the management of a large number of projects funded from the TPMA was transferred to EU delegations in 2010. This decision was intended to enhance the effectiveness, impact and sustainability of projects and to improve local ownership.

The TPMA has substantially contributed to the effective implementation of the mobility partnerships between the EU and Cape Verde, Moldova and Georgia. Discussions are ongoing with other countries to establish new mobility partnerships in the near future. The regional protection programme covering Tanzania, has been signed with implementation due from the beginning of 2011. The one for the Horn of Africa was signed at the end of 2010. The regional protection programmes in north Africa and eastern Europe are currently being negotiated.

The Commission also continued to play an active role in the policy dialogue on migration and asylum issues at various international and regional events like the fourth global forum on migration and development in Puerto Vallarta, Mexico, in November 2010. There, as in other fora, the EU supported the development of migration profiles as an essential tool for defining national development policies. As part of the EU-Africa dialogue, work continued on the migration, mobility and employment partnership. An initiative supported by the TPMA is facilitating dialogue and exchange of information and good practices in this area. Cooperation with partners in eastern Europe, the south Caucasus and central Asia has been strengthened, either bilaterally or through platforms like the Black Sea Cooperation Platform, the Budapest Process and the Soderköping Process, and initiatives such as 'Building Migration Partnerships'. The structured dialogue on migration with Latin America launched in 2009 is also moving forward.

#### *3.1.4. Environment and sustainable management of natural resources including energy*

Environmental protection remained a priority in 2010 with support from the thematic programme for the environment and the sustainable management of natural resources including energy (ENRTP). The 2010 annual action programme was adopted with a budget of €201 million. It focuses on major environmental issues, such as climate change, desertification, biodiversity, fisheries and forest preservation (including the EU Forest Law Enforcement, Governance and Trade initiative) and sustainable energy. Support for developing countries' capacity to implement multilateral environmental agreements is a prominent feature of the programme. An external review of the programme provided input for the new 2011-2013 ENRTP strategy which was approved in October. The three main priorities of the new strategy are: climate change and sustainable energy, environment and development, and the strengthening of environment and climate governance.

In 2010, the ENRTP allocated €49 million to the Global Climate Change Alliance. Of this, €25 million was counted as fast-start climate change financing for adaptation (see below), to support countries most vulnerable to climate change, in particular the least developed countries and small island developing states. The following countries benefitted from the GCCA 2010 budget: Ethiopia, Nepal, the Pacific region, Solomon Islands, Belize and

Mozambique. Typical climate change related activities are: capacity building to integrate climate change into policies and strategies, sustainable land use and watershed management, agro-forestry, renewable energy, disaster risk reduction and general awareness raising.

Under the GCCA, two high-level regional seminars on climate change were held in Bangladesh and Ethiopia. These conferences provided a platform for discussion and exchange of views on the current status of the international climate negotiations. They also were an occasion to discuss the GCCA's implementation mechanisms. In Dhaka, a tangible outcome was an Asia-GCCA joint declaration between the EU, and the governments of Bangladesh, Cambodia and the Maldives, who are currently GCCA beneficiaries. In Addis Ababa, discussions focused on the international negotiations on climate change in Cancun (the 16<sup>th</sup> Conference of the parties to the UN framework convention on climate change), on GCCA experiences in a number of African countries, and on the further need to train African negotiators.

The Commission pledged €150 million towards fast-start financing with €50 million for 2010. The ENRTP was used as vehicle to deliver on this pledge, with €25 million for adaption actions in Ethiopia, the Pacific region and Nepal. The balance of €25 million was used for mitigation activities in the area of REDD+<sup>71</sup>, carbon market preparedness, emissions monitoring, reporting and verification (MRV), and the development of low emission strategies.<sup>72</sup>

The Global Energy Efficiency and Renewable Energy Fund (GEEREF) which pools public and private funds through an innovative public-private partnership, offers new risk sharing and co-funding options for investors in energy efficiency and renewable energy. It approved two new regional funds in 2010 for investments of €22.5 million. These will invest in small-scale clean-energy projects in east Africa and Latin America.

Another energy-related activity supported under ENRTP was the launch of the Africa-EU renewable energy cooperation programme. This will provide the basis for renewable energy cooperation between Europe and Africa in the context of the Africa-EU energy partnership, and contribute to achieving its ambitious targets for renewable energy.

All these ENRTP activities have been complemented by projects and programmes funded under the geographical financial instruments.

The Commission pursued its efforts in preserving tropical forests and improving forest governance. Progress has been made under the Forest Law Enforcement, Governance and Trade (FLEGT) initiative with the signature of Voluntary Partnership Agreements (VPA) with the Republic of Congo and Cameroon, in addition to the one that was already signed with Ghana. A FLEGT VPA with the Central African Republic is under ratification. FLEGT VPAs are under negotiation with the Democratic Republic of Congo, Liberia, Indonesia, Vietnam and Malaysia.

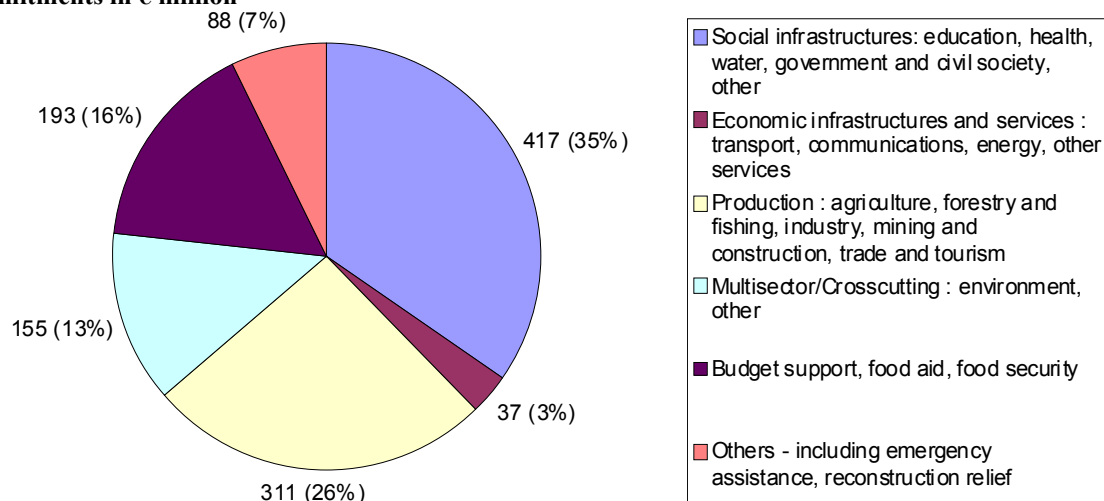
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<sup>71</sup> Reducing emissions from deforestation and forest degradation (REDD)

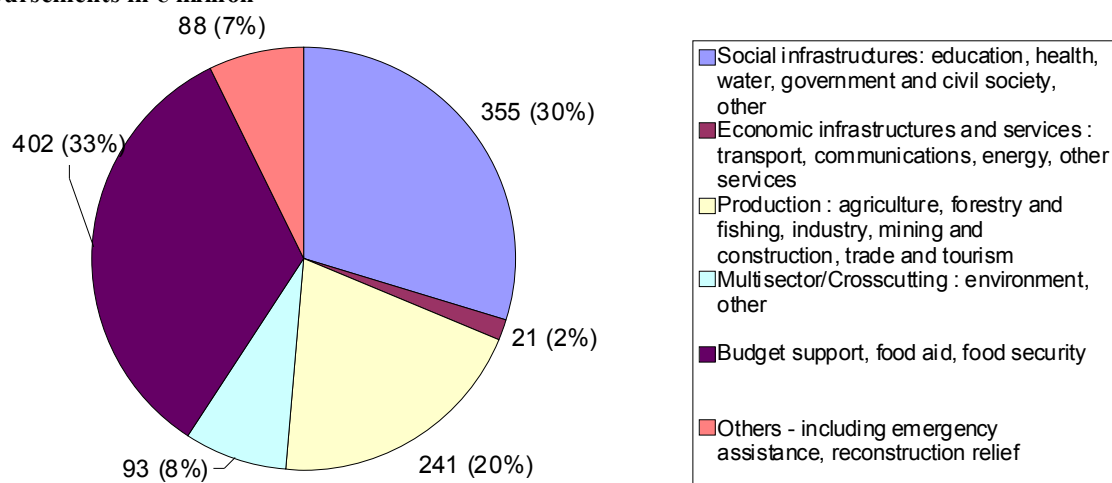
<sup>72</sup> More information on climate and biodiversity related projects supported by the Commission can be found at the following address: <http://ec.europa.eu/europeaid/climate-change-actions/> and <http://ec.europa.eu/europeaid/biodiversity-actions/>

**Table 24 DCI Thematic - Breakdown by sector of external aid financed on the general EU Budget managed by EuropeAid in 2010**

**Commitments in € million**



**Disbursements in € million**



Bilateral and multilateral ODA (EuropeAid only) Including Food Facility

**Table 25 DCI Thematic - External aid financed on the general EU budget managed by EuropeAid**

€ millions	2007	2008	2009	2010
<b>Commitments</b>	834	956	1 854	1 204
<b>Disbursements</b>	745	838	1 233	1 210

Bilateral and multilateral flows (EuropeAid only).

**Table 26 DCI Thematic - General and sector budget support per country**

Commitments in € million

Country	GBS / SBS	Sector	Description	Total
Armenia	SBS	Social/ welfare services	Food security programme 2010	2.20
Barbados	SBS	Education policy and administrative management	Human resource development programme	14.77
Guyana	SBS	Industrial crops/export crops	Annual action plan 2010 on accompanying measures on sugar	18.81
Jamaica	SBS	Industrial crops/export crops	Accompanying measures 2010 for sugar protocol countries	20.80
Mauritius	GBS	General budget support	Promoting Sustainable and Equitable Development	7.67
Mozambique	SBS	Agricultural policy and administrative management	Sector policy support program to PROAGRI II	5.20
Saint Kitts and Nevis	GBS	General budget support	Annual Action programme on accompanying measures for sugar protocol countries	13.64
Solomon Islands	GBS	General budget support	Climate change assistance programme	2.80
Tanzania	GBS	General budget support	Food Facility	20.00
Togo	GBS	General budget support	Food Facility	8.20
Trinidad and Tobago	SBS	Trade-related adjustment	Annual Action Plan 2010 under AMSP	16.55
Zambia	GBS	General budget support	Food Facility	5.80
<b>Grand Total</b>				<b>136.43</b>

GBS : General budget support

SBS : Sector budget support

### 3.1.5. Food security

Despite progress in 2010, the lack of food security remains a serious global concern.

The number of undernourished people in the world has been rising since 1995. After a sharp increase between 2006 and 2009, this number is estimated to have fallen in 2010: 925 million people were undernourished in 2010 compared with 1.02 billion in 2009. This decline is largely attributed to renewed economic growth and a drop in food prices from a peak in mid-2008. Nevertheless, food-security remains under threat from price volatility, climate change and a growing population.

While access to food is a major concern, access to nutritious food is even more challenging: about two billion people suffer from micronutrient deficiencies while malnutrition is estimated to be responsible for 3.5 million mother and child deaths per year.

### Renewed political commitment from the EU to tackle worldwide food insecurity

In March, the Commission presented a new policy on food security<sup>73</sup> which set out a comprehensive approach to food insecurity (see chapter 1).

In December 2010, following its mid-term review, the Food Security Thematic Programme (FSTP) was updated and a new multiannual indicative programme for 2011-2013 was adopted with an overall budget of €750 million. Over the coming three years, the FSTP will focus on three main priorities:

<sup>73</sup> [COM\(2010\) 127](#), 31.3.2010

- (i) research, technology transfer and innovation to enhance food security;
- (ii) strengthened governance approaches for food security;
- (iii) addressing food security for the poor and vulnerable in fragile situations.

Along with the EU food facility, this instrument provides concrete evidence of the EU's strong commitment towards improving food security in the developing world.

### **Implementing the food facility**

The EU Food Facility was set up in December 2008 as a rapid response to soaring food prices in developing countries. It made available an additional €1 billion for projects and programmes in 50 target countries during the period 2009-2011. Through the food facility, the EU provides farmers with essential agricultural inputs (seeds, fertilisers, equipment) and services, increases access to local food for the most vulnerable, and encourages the development of agricultural infrastructures and services to help raise productivity.

#### **Shielding children, pregnant women and nursing mothers**

In Guatemala, the EU is funding a WFP/FAO project to protect children, pregnant women and nursing mothers from the impact of high food prices by improving market deliveries and subsistence production.

Food-for-work, food-for-training and food-for-asset activities are improving the living conditions of 210 000 vulnerable beneficiaries and the productive system of 8 000 subsistence farmers in target rural areas.

By the end of 2010, the full amount of €1 billion had been committed. More than 80% of the payments were made (i.e. over €800 million) in 2009 and 2010. The food facility has funded 134 projects implemented by NGOs and member states agencies, 68 projects by international organisations, three regional projects and 11 budget support measures. Although projects were implemented in record time, strict controls were applied via monitoring, evaluation and audit procedures to safeguard quality. Best practices and lessons learnt from the food facility will be incorporated in FSTP actions.

#### **Supplying inputs for farmers**

The European Commission and the FAO have joined efforts to supply 176 000 small farmers in Zimbabwe – representing between 10% and 15% of communal farmers in the country – with 26 000 tonnes of seeds and fertilisers. With good seasonal rain, timely implementation and effective coordination, this project could almost double traditional food production in the regions concerned.

The Food Facility has demonstrated Europe's ability to react rapidly, efficiently and transparently to a global food security crisis.

#### **Getting staple foods from rural communities in Bandundu (DRC) to market in Kinshasa**

In the Congolese Province of Bandundu, the European Commission has strengthened farmers' organisations and created new ones to help them market their staple food products in Kinshasa. There are four projects covering the following activities:

- distributing improved plant varieties
- training local organisations
- creating warehouses
- processing agricultural products
- restoring and maintaining farm tracks
- providing trucks and barges for transport
- managing a central depot in Kinshasa.

As a result, production has significantly increased in the communities concerned. During 2008-2010, the production delivered to the market in Kinshasa increased threefold to more than 1 000 tonnes per year of staple food. The EU contribution to these projects was €13.5 million.

### **The Food Security Thematic Programme**

The food security thematic programme was allocated a total of €240 million in 2010.

The 2010 annual action plan covers targeted projects and local calls for proposals on linking relief, rehabilitation and development (LRRD) and innovative approaches to combat food insecurity. It includes amongst others: agricultural research for development (€54.5 million), operations linked to crisis and fragility (€42.8 million), continental regional food security programmes (€74.5 million) and technology transfer for agriculture in Asia (€22 million).

Food security is also supported through projects and programmes financed under the various geographic development instruments like the ENPI, DCI and EDF. These bring the total of funds committed to agriculture, rural development, territorial planning and food security (as described in the European Consensus on Development) to €1.2 billion.

### **3.2. Democracy and Human Rights**

In promoting human rights and democracy worldwide, the EU uses a range of approaches, from political dialogue and diplomatic initiatives to specific instruments of financial and technical cooperation. Improving the design and the impact of EU external aid by ensuring coherence, complementarity and synergy between the geographic and thematic instruments and programmes has been a priority in recent years.

#### **EIDHR**

The European Instrument for Democracy and Human Rights (EIDHR)<sup>74</sup> is a self-standing funding instrument that complements and reinforces actions on human rights and democracy

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<sup>74</sup> Regulation (EC) No. 1889/2006 of 20 December 2006

around the world within the framework of relevant EU policies. With a budget of €1.1 billion for 2007-2013, the EIDHR is the concrete expression of the EU's intention to integrate support for democracy and human rights into all its external policies.

The EIDHR has a broad remit and supports actions in all aspects of democracy and human rights protection, including in the socio-economic sphere and MDG-related goals and has a particular focus on gender and the protection of minorities or vulnerable groups (such as people with disabilities and child victims of armed conflicts). It also supports actions against racism, xenophobia and discrimination on any ground.

The 2010 review of progress towards the Millennium Development Goals showed that human rights promotion remains a key factor. Discrimination has been highlighted by the UN High Commissioner for Human Rights as a crucial obstacle in achieving the MDGs, as development can fail if its benefits do not reach groups of people who are systematically disempowered, discriminated against or who suffer multiple human rights deprivations.

EIDHR has made considerable provisions for country-specific small-scale projects (country-based support schemes) in order to further enhance local ownership and improve access by national civil society organisations. A total of 66 local calls for proposals were launched and 434 grants contracts were signed in 2010 for a total value of €69 million.

EIDHR is also active in countries where the EU has “difficult partnerships” and where fundamental freedoms are most at risk and geographic development programmes meet obstacles.

#### **The fight against torture**

Between 2007 and 2010 the EIDHR financed more than 60 projects to fight torture (including locally-managed projects) for a total value of €44 million. The main focuses were on the implementation of EU guidelines, the rehabilitation of torture victims, human rights training for the judiciary and for prison officers, the setting up of national prevention frameworks, and legal aid to defend victims from injustices.. The EIDHR offers an integrated approach, combining the rehabilitation of victims with torture prevention and efforts to end impunity for torturers. A good example of this approach is the project on torture prevention in Ecuador. Guatemala and Peru finalised in 2010 with an EU contribution of €700 000 in partnership with local organisations such as IPEDEHP (Peru), CEDHU (Ecuador), ICCPG (Guatemala). More than 5 500 targeted persons were trained on prevention of physical and psychological torture. A successful project to educate police and the military against torture was carried out, involving an effective engagement of local authorities, the military, policemen and social leaders. This showed that education, awareness-training and the sharing of good practice could be key factors towards the eradication of torture, thus contributing to the consolidation of democracy in a region with a troubled past.

#### *Lessons Learnt*

The EU has committed more than €40 million during 2007-2013 to support human rights defenders. In order to learn from its actions and to improve the impact of its work, the EIDHR has carried out a global evaluation on its support for human rights defenders. Its conclusions are that this support was highly relevant, and that management was done with the proper



flexibility, openness and responsiveness. The support included emergency protection, reimbursement of medical or legal fees, the purchase of secure IT equipment or cellular phones, and temporary support for a grass-roots human rights organisation during a difficult situation. The report said that, in future, attention should be paid to avoid duplication of effort, reinforce the quality of local partnerships, increase direct support to human rights defenders and ensure a cohesive and strategic approach in the overall selection of projects. The evaluation results were taken into account for the launch of the global call for proposals in 2010 for providing support to human rights defenders. The response to the call showed a growing demand in this crucial sector of EIDHR activity.<sup>75</sup>

In response to a recommendation of several EIDHR evaluations for more analysis and monitoring, a maximum of 3% of the country specific budgets had been used to support local organisations develop project cycle management and internal procedures. From 2011 this threshold will be raised to 10% to strengthen local capacities further, thereby also obtaining greater ownership at local level for civil society organisations.

### *The Palermo II process*

The Commission launched the "Palermo II process" in 2010, an initiative aimed at creating a new dialogue on aid effectiveness with stakeholders in EU external cooperation: civil society organisations, EU Member States and the European Parliament. Democracy and human rights form an important pillar in this process. As an example, the Amman regional conference (29 June-1 July) helped spread best practices on EIDHR implementation in the European neighbourhood region. It highlighted several needs:

- simplification and predictability of grants;
- more strategic insight by CSOs as regards their sustainability;
- creation of genuine CSO networks to limit fragmentation and exacerbated competition for funds;
- more support for human rights defenders in difficult situations.

As a follow-up of the dialogue and consultation processes, the EIDHR has now been given additional flexibility, so that recipients can pass on small amounts of their grants to other local entities or individual human rights defenders.

### *Improved visibility*

A first compendium was published in 2009 to give an overview of all EIDHR projects by theme, including a short description of each project. This was followed in 2010 by regional compendia prepared in advance of the regional events organised in the framework of the structured dialogue. These compendia cover all projects funded in the ENP and central Asian region, Latin America and Asia. Additionally, the first thematic compendium on the death penalty<sup>76</sup> was also published in 2010 and the EIDHR brochure was translated into Arabic and

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<sup>75</sup> [http://ec.europa.eu/europeaid/what/human-rights/studies\\_evaluations\\_en.htm](http://ec.europa.eu/europeaid/what/human-rights/studies_evaluations_en.htm)

<sup>76</sup> [http://ec.europa.eu/europeaid/what/human-rights/documents/compendium\\_abolition\\_of\\_the\\_death\\_penalty\\_en.pdf](http://ec.europa.eu/europeaid/what/human-rights/documents/compendium_abolition_of_the_death_penalty_en.pdf)

Russian, in order to provide access to a broader public and to reinforce publications produced by EU delegations.

### *Protection and promotion of human rights through mainstreaming*

The Commission is committed to mainstreaming human rights throughout its activities, as outlined by the European Consensus on Development.

As an example, the EU supported several projects in 2010 in the justice sector within the bilateral cooperation framework. Tailored to each country's legal system, social values and accepted principles, these projects were centred on ensuring better access to justice for people and guaranteeing respect for the human rights of persons processed through the justice system.

Various approaches were designed for this purpose, from support to institutional reforms aimed at strengthening the independence, impartiality and professionalism of the judiciary (Moldova and Ukraine), to better compliance with European standards concerning democracy, human rights and rule of law, both in legislation and practice (via the Council of Europe facility for eastern partnership countries), as well as promoting the liberalisation of sentencing policies and practices and the rights of detainees (Georgia).

Based on the review of EU support for justice reform in ACP countries since 2000, a first reference document on justice was produced in 2010. It provides an overview of the main features of the justice sector and the approaches of other donors as well as an analysis of the justice sector components and its major actors. It should provide the European Commission with strategic and operational guidance including for countries in a fragile situation. Its main purpose is to assist staff in EU Delegations and at headquarters level in the design and implementation of justice reform programmes. This will be followed in 2011 by a complementary analysis covering the EU support for justice reform in other regions.

### **Democracy support**

In November 2009, the EU Council adopted Conclusions<sup>77</sup> dedicated to democracy support. These provided the first strategic, concrete orientations for a broader and more coherent policy to support democracy in the EU's external relations, going further than earlier more general policy statements. They acknowledged that the EU has a wide array of financial and political instruments at its disposal, but that there is room for improvement in how existing policies are implemented. The Council Conclusions also contained an agenda for action focused on six areas: country-specific approach; dialogue and partnership; EU coherence and coordination; mainstreaming; international cooperation and visibility. In December 2010, the Commission presented a first report. The Council followed by adopting a new set of conclusions.<sup>78</sup> These also identify 12 pilot countries where the agenda of action is to be implemented as well as a request for immediate further action and regular feedback to the Council on progress.

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<sup>77</sup> Council Conclusions on Democracy Support in the EU's External Relations

– Towards Increased Coherence and Effectiveness, 16081/09

<sup>78</sup> Council conclusions on Democracy Support in the EU's External Relations - 2010 Progress Report and list of proposed pilot countries, 3058th FOREIGN AFFAIRS Council meeting Brussels, 13 December 2010

## *Electoral processes*

Elections are an essential component of democratic governance. Actions supporting genuine elections can make a relevant contribution to peace and development objectives. EU support for elections is provided in two complementary forms: electoral assistance and EU election observation missions.

The importance of ensuring an appropriate follow-up to recommendations from EU Election Observation Missions (EU EOM) has been acknowledged. Follow-up missions are systematically organised to discuss the EU EOM final report and its recommendations with stakeholders. Positive reactions to the final reports and recommendations were received from the national authorities in countries like Bolivia, Mozambique and Yemen.

Over the last six years (2005-2010), the EU has spent nearly €600 million or about €100 million a year on electoral assistance. The money comes from geographic programmes, the Instrument for Stability and the EIDHR. It delivers capacity-building and technical and material support to electoral processes in nearly 60 countries. Almost two thirds of the support was geared towards Sub-Saharan Africa. A big part went to post-conflict countries such as the DRC, Afghanistan, Sudan, Ivory Coast and Iraq.

Efforts are increasing to create more synergies between observation missions and electoral assistance by integrating EU EOM recommendations into electoral assistance operations, making sure such recommendations are feasible and realistic for the country concerned, and ensuring that EU EOMs also benefit from the experience gained through electoral assistance.

### **Sudan: Towards active participation in the election process**

A good example of promoting the electoral participation of women in Sudan is the 2009 project “Towards active participation in the election process”, which is still ongoing in Nuba/South Kordofan. The aim was to raise awareness among rural people and women, provide education on civil rights, census, voter registration, and the use of local radio and cassettes to spread voting information. It also sought to empower local community leaders to participate and monitor elections, promote dialogue between political parties and encourage the participation of women and marginalised groups. This project was well integrated with the purpose of the EU electoral observation mission and effectively complemented the work of other donors.

In 2010, the EU supported electoral assistance programmes/projects in a number of countries including Bolivia, Burundi, Comoros, Ivory Coast, Central African Republic, Ghana, Guinea, Haiti, Kenya, Kyrgyzstan, Liberia, Moldova, Niger, Nigeria, Sierra Leone, Sudan and the Portuguese-speaking countries through the PALOP-TL programme. These programmes cost about €100 million which was provided by the EDF, DCI, and IfS.

Knowledge development and collaboration with the main actors remain EU priorities. A pioneer thematic workshop on "Elections, Violence and Conflict Prevention", organised by UNDP, International IDEA and the European Commission, took place in Barcelona in March 2010. It was the ninth workshop organised as part of a training initiative launched by the three partners in 2005. Since then, new partners have joined through the Train4Development's subgroup on effective electoral assistance and the global training platform: the Canadian

International Development Agency, the Organisation of American States, the International Organization for Migration and the Spanish ministry of foreign affairs and cooperation.

Electoral assistance is often an entry point for wider action to support democracy and should be seen as complementary to other democratic governance activities. Some current electoral assistance programmes already include a media component to provide equal access to information and exposure for all parties and views involved in elections. They usually also aim at strengthening the participation of civil society via support for domestic observer missions and civic education. Efforts are ongoing to make parliamentary development an integral part of electoral assistance. In this way, stronger elected institutions can play their part in delivering the dividend of democratic elections. While this has happened in a few countries (e.g. Tanzania and Pakistan), it is not yet a common practice and needs therefore to be further encouraged.

### *Scaling up work with parliaments worldwide*

Effective parliaments are at the heart of democratic systems. A study was completed in 2010 to review how the EU supported parliaments in ACP countries over the past decade and to provide practical guidance for future support to parliamentary institutions.

The assessment offers a mixed picture. A little more than €100 million was spent to strengthen ACP parliaments between 2000 and 2009 in 30 countries. The level of EU funding and the quality of contributions varied widely. The assessment reveals that successful projects were those based on careful groundwork, where there was an understanding of the overall governance environment and of the motives of political actors. Too often activities to strengthen institutions have focused on the executive branch of government at the expense of the legislature. The EU needs to do more to meet its policy commitments in terms of support for democracy, aid effectiveness and domestic accountability.

Successful projects tended to take a longer-term approach and occurred where there is a positive environment for democratic development. They demonstrate strong national ownership, clear objectives, strong delegation of ownership, and thorough programme planning.

As part of the assessment, field studies were carried out in Senegal and South Africa. The South African example underlines the value of long-term, intensive EU involvement. The sector approach used by South African national and provincial parliaments facilitates a common development agenda across national and sub-national legislative institutions. It is an innovative approach that offers a good practice example for other political systems with national and sub-national legislatures. The EU-supported South African legislative sector projects placed a strong emphasis on the representative functions of parliament and helped extensive participatory approaches to be institutionalised. In the current (2009-2013) third phase, support is provided through sector budget support and complementary support is currently being prepared to leverage some of the good practice of South Africa's legislative sector with other parliaments in the region.

#### **Strengthening parliament's representative role in Tanzania**

Context: National elections in 2007 and Tanzania's renewed commitment to democracy created momentum to consolidate and intensify good and accountable governance practices.

Programme: The programme supports the Tanzanian-led Deepening Democracy initiative to build the capacity of national governance institutions and political parties. The four-year programme began in 2008. The EU is contributing €1.4 million of the programme's €9.5 million budget. The strategic plan supporting the parliamentary component is complete and is guiding multi-donor support for the parliament's corporate plan. Particular emphasis is being placed on strengthening the capacity of key parliamentary committees and parliament's responsiveness to civil society.

Main activities: Training for the secretariat of the national parliament and the Zanzibar house of representatives, constituency outreach seminars to support public understanding of the role of representatives and constituents, wide dissemination of issues around parliamentary work through Speaker's forums, and focusing media attention on events and key messages promoting citizen-parliamentary engagement.

Key findings: This programme has made chairpersons of parliamentary committees more competent to review the budget and scrutinise bills. It has also increased dialogue between parliament and civil society. The involvement of civil society in the review of bills has increased its influence on legislation. The strengthening of civil society has proved to be a positive factor underpinning the sustainability of the programme.

Building on the assessment and on existing parliamentary development expertise, a reference document was completed "Engaging and Supporting Parliaments Worldwide: EC strategies and methodologies for action to support parliaments"<sup>79</sup>. The publication serves as a practical tool for EU staff and other stakeholders, presenting ways of engaging with and supporting parliaments in partner countries. Together with a training module, organised in collaboration with the European Parliament's office for promotion of parliamentary democracy, this will help to enhance results of parliamentary support<sup>80</sup>.

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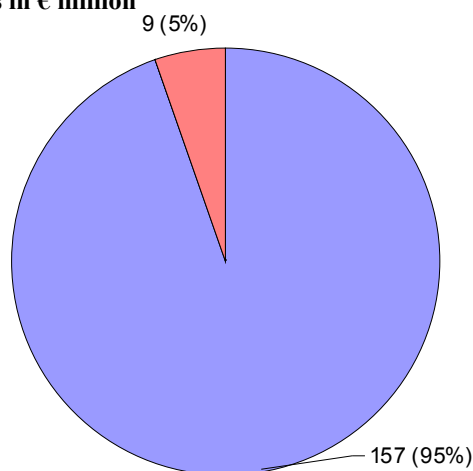
French and Spanish versions will be available by March 2011.

<sup>80</sup>

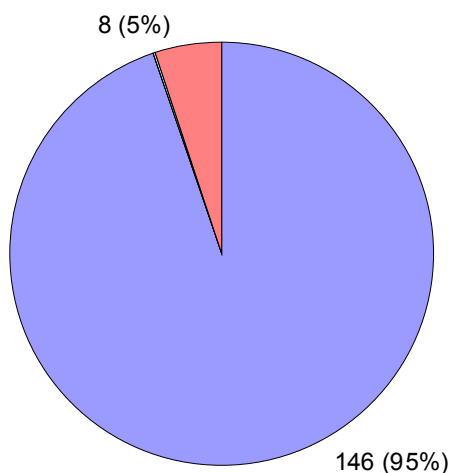
For further information on parliamentary development please visit <http://www.agora-parl.org>, the reference website on parliamentary development, in which the EC is a partner, or check the [democracy corner of Cap4Dev](#).

**Table 27 EIDHR - Breakdown by sector of external aid financed on the general EU Budget managed by EuropeAid in 2010**

**Commitments in € million**



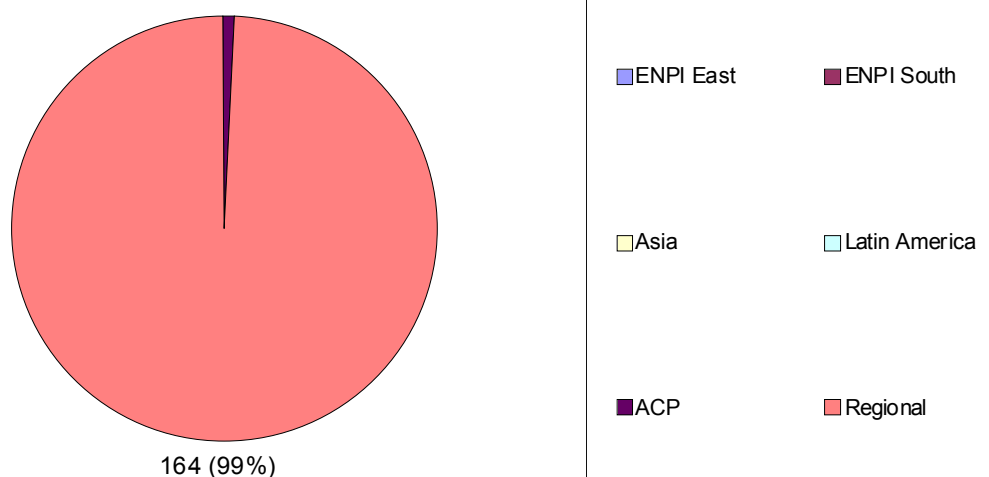
**Disbursements in € million**



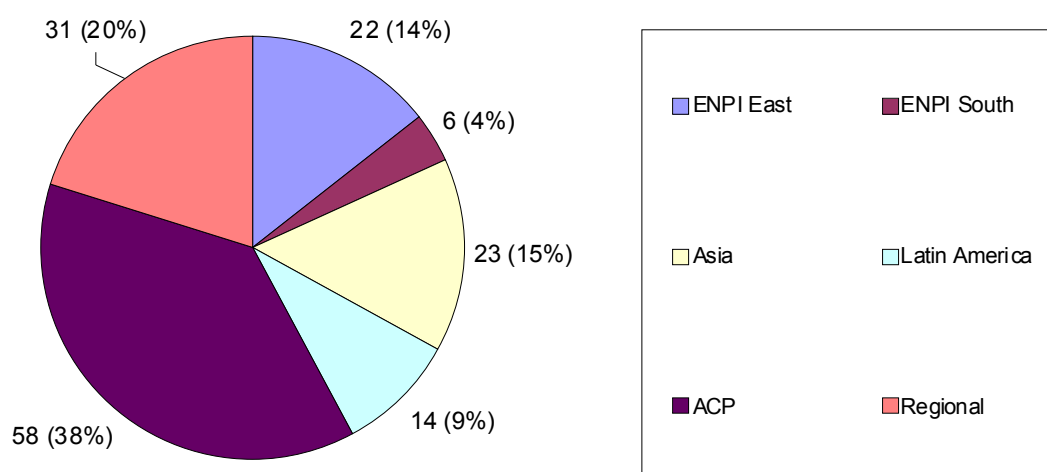
Mains sectors : Government and civil society, Administratives costs related to EIDHR  
Bilateral and multilateral ODA (EuropeAid only).

**Table 28 EIDHR - Breakdown by region of external aid financed on the general EU Budget managed by EuropeAid in 2010**

**Commitments ( € million)**



**Disbursements ( € million)**



Beneficiary countries not identified at commitment stage. (multi-regional call for proposal)  
Bilateral and multilateral ODA (EuropeAid only).

**Table 29 EIDHR - External aid financed on the general EU Budget managed by EuropeAid**

€ millions	2007	2008	2009	2010
<b>Commitments</b>	142	153	162	166
<b>Disbursements</b>	130	121	131	160

Bilateral and multilateral flows (EuropeAid only).

### 3.3. Stability

#### 3.3.1. Crisis response and preparedness

In its first four years, the EU's Instrument for Stability (IfS) allocated €482 million to 154 actions worldwide in response to short-term crisis situations. During 2010, the entire budget of €135.9 million was committed for a wide range of measures. The following examples show how the IfS provides significant and visible EU responses to many crisis situations around the globe.

Haiti – following on the devastating earthquake in January 2010:

- IfS support enabled the EU to take part in the intensive and high-profile Post-Disaster Needs Assessment undertaken with the UN and the World Bank in preparation for the Haiti donors' conference in Montreal.
- A new €20 million EU IfS programme is working in partnership with experts from civil protection services in five Member States to improve the disaster preparedness capacities of the Haitian civil protection services. The IfS programme also contributed to a 'Cash for Work' scheme (through UNDP), providing the Haitian national leadership with strategic advice on issues related to the reconstruction of the country.
- A further €5 million IfS action provided support for the crucial presidential and parliamentary elections, complementing the efforts of the EU election observation mission.

Pakistan - the case of Pakistan demonstrates the versatility of the IfS as a crisis response tool. Two emergency response measures were mobilised to respond to:

- The political crisis in the north-west region bordering on Afghanistan, where a €15 million post-conflict recovery package has been put in place; and
- The unprecedented flooding disaster, where the IfS funded an €18 million early recovery programme in addition to the EU's humanitarian aid effort.

Sudan - in advance of the January 2011 referendum on self-determination for southern Sudan, the Commission decided in May on an IfS contribution of €15 million so as to:

- provide EU experts and other support for organising the referendum process and the ensuing negotiations between the north and south to seek an agreement on sensitive post-referendum arrangements. This IfS action was complemented by an EU observation mission for the referendum;
- secure a stable 'peace dividend' to the rural population of south Sudan (through delivery of basic services in cooperation with DfID/UK), thus bridging a gap until longer-term EU development funding (via the EDF) can be provided later in 2011.

Philippines – at the request of the parties concerned, the government of the Philippines and the Moro Islamic Liberation Front (MILF), the EU contributes to their peace process through:



- a politically significant IfS action (€3 million) put in place to help monitor the parties' compliance with their commitments on humanitarian, rehabilitation, and development activities in the south of the country;
- IfS support for NGOs monitoring protection activities and backing for the political dialogue process through an international contact group chaired by Malaysia.

Somalia - The EU has given priority to a comprehensive approach to tackle the scourge of piracy off the coast of Somalia. The IfS has made an essential contribution through jointly developed EU-UNODC programmes to support piracy trials in Kenya (since May 2009) and the Seychelles (from early 2010). This provides a necessary complement to the EU's Atalanta naval operation carried out under the Common Security and Defence Policy, which relies for its success on being able to transfer suspected pirates for trial in these regional countries.

Other IfS activities in 2010 included support for stabilisation efforts in Georgia and Nagorno-Karabakh, as well as in Kyrgyzstan (following the political crisis of summer 2010) and northern Ecuador (where there is a large presence of Colombian refugees).

Reconciliation, mediation, dialogue and other peace building processes have been supported in areas such as Aceh in Indonesia, in Laos where support is given to dialogue between the Lao administration and the displaced Hmong, and for the wider Middle East.

The implementation of peace-building measures at inter-community level in the east of the Democratic Republic of Congo has been completed, as has IfS support for cross-border cooperation with Rwanda and Uganda on patrolling national parks straddling their borders, as a way to help smooth the often difficult relations between these countries.

Concerning crisis preparedness measures to build and consolidate civilian expertise for global peace-building work, the IfS 'Peace-building partnership', with a budget of €20 million in 2010, has focused on:

- establishing a civil society dialogue network on peace-building issues and capacity-building support for civil society actors active in this field;
- cooperating with UN bodies (UNDP, UNISDR) on activities related to natural resources and conflict, disaster risk reduction, and disarmament, de-mobilisation and re-integration (DDR);
- training police and civilian experts for deployment in international stabilisation missions to conflict areas. This is done at police training academies with a range of leading civilian training bodies from EU Member States.

### 3.3.2. *Global and regional trans-border challenges*

Global and regional trans-border challenges are addressed by actions funded under the long-term component of the Instrument for Stability<sup>81</sup>. These cover trans-regional security threats, as well as chemical, biological, radiological and nuclear (CBRN) risks. Two annual action

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<sup>81</sup> Regulation (EC) No 1717/2006 of the European Parliament and of the Council of 15 November 2006 establishing an Instrument for Stability

programmes on trans-regional threats and non-proliferation of weapons of mass destruction were implemented in 2010.

### CBRN risk mitigation

Support was agreed for a second phase of a project to establish regional centres of excellence on chemical, biological, radiological and nuclear threats in cooperation with the United Nations and other major donors. A total of €21.5 million has been earmarked for up to four new centres in the Middle East, the Mediterranean basin, the southern Caucasus and central Asia. These centres could also play a role in linking the external and internal dimensions of CBRN risk mitigation.

To strengthen the analytical capacity of the International Atomic Energy Agency (IAEA) the Commission agreed to contribute €5 million to support the IAEA Safeguards Analytical Laboratory.

### Trans-regional threats

On 1 March 2010, the EU launched its cooperation with the Regional Centre on Small Arms and Light Weapons (RECSEA) in southern and eastern Africa. RECSEA is engaged in the fight against illicit trade in and excessive accumulation of firearms, including activities to strengthen law enforcement agencies' cooperation, training on marking and tracing techniques, and awareness-raising. The IfS is supporting the establishment of a database managed by Interpol to track illicit trafficking of stolen or lost small arms and light weapons.

A first EU-sponsored counter-terrorism programme for the Sahel region, including Mali, Mauritania, and Niger, was launched in December 2010 at a high-level seminar in Nouakchott. The first phase of the programme has a budget of €4.5 million. It is timely, given deteriorating security in the Sahel, and is part of a broader EU effort to support this volatile region.

The second phase of the trans-regional cocaine route programme, with a total budget of €19 million was successfully launched. It funds capacity-building measures in Latin America, the Caribbean and, in particular, west Africa. It involves law enforcement authorities from EU Member States.

In addition, the IfS critical maritime routes programme, with a total budget of €14 million, entered its second phase with the establishment of a training centre in Djibouti and a regional information centre in Sana'a (Yemen). The programme helps build capacities of coastal states around the Horn of Africa to counter piracy and other forms of organised crime by improved maritime surveillance and training in maritime law enforcement. Support for investigations into piracy organisers and funders has been initiated with Interpol.

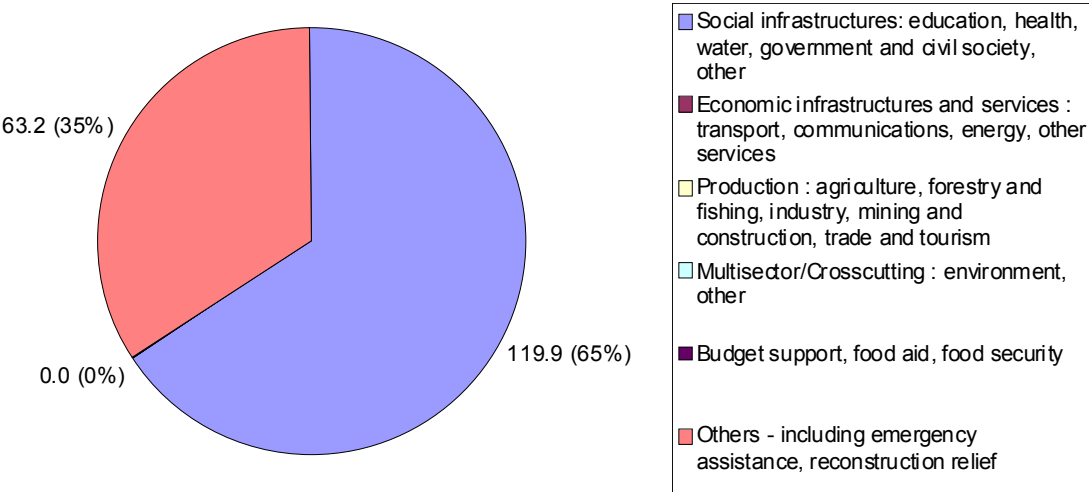
Beyond the western Indian Ocean, the IfS contributed €500 000 to a project of the International Maritime Organisation in the Straits of Malacca and Singapore to increase the preparedness and response capabilities of coastal states against incidents involving hazardous and noxious substances. The programme has also started work in the Gulf of Guinea.

Through the IfS expert support facility on trans-regional threats and threat-preparedness, about 100 experts from 17 EU Member States belonging to 60 organisations and institutions

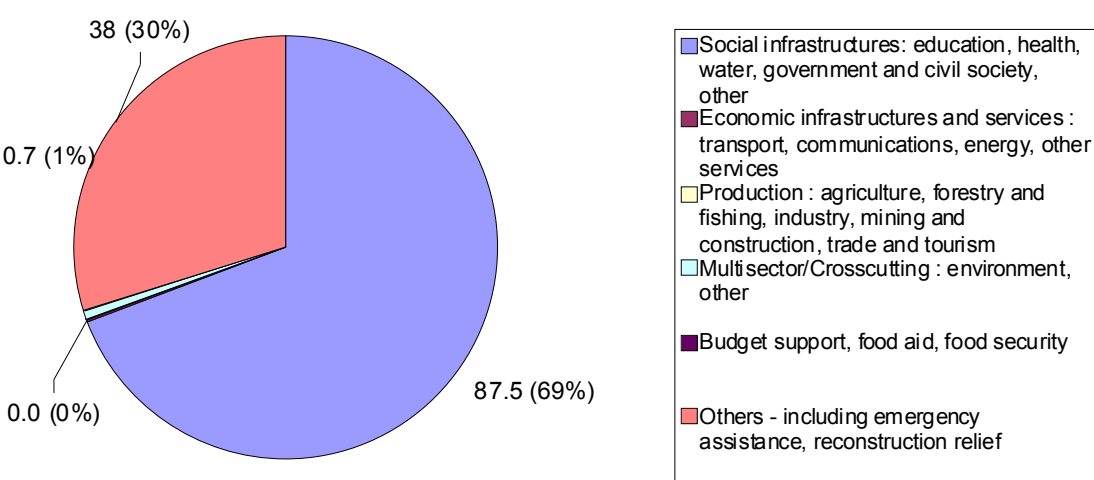
have carried out more than 100 fact-finding visits and missions to west Africa, north Africa and the Middle East, the Sahel, southeast Asia, central and south America and the Caribbean.

**Table 30 IFS - Breakdown by sector of external aid financed on the general EU Budget managed by EuropeAid and DG External Relations in 2010**

**Commitments in € million**



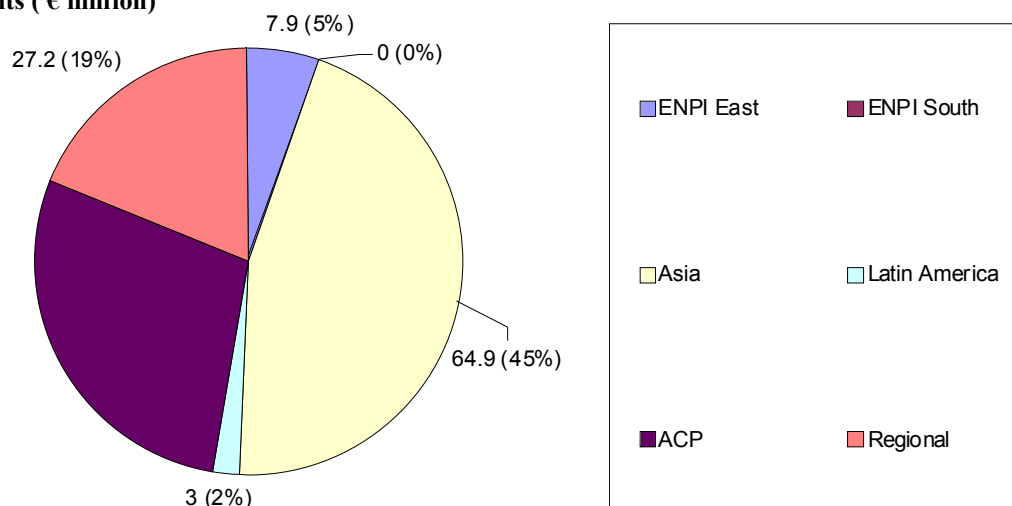
**Disbursements in € million**



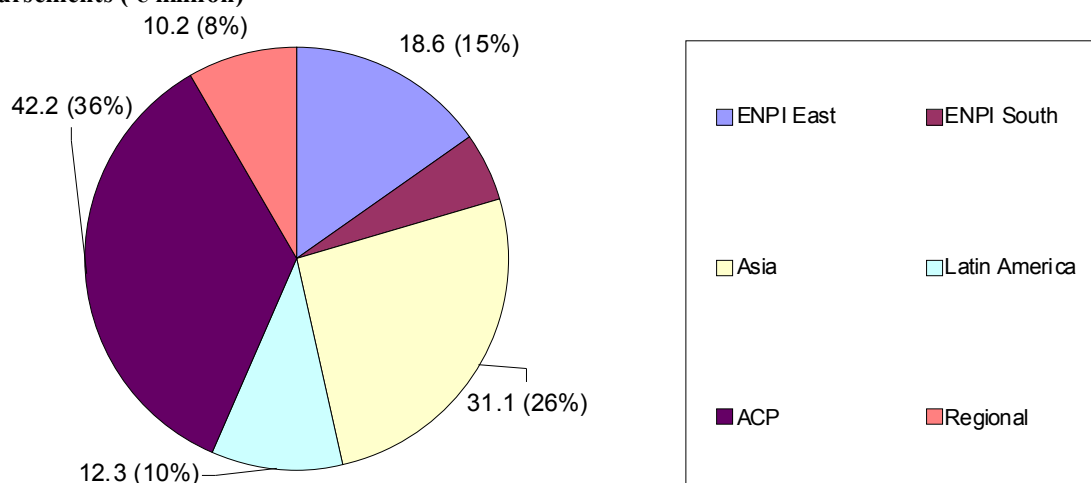
Bilateral and multilateral ODA (EuropeAid + DG External Relations)

**Table 31 IFS - Breakdown by region of external aid financed on the general EU Budget managed by EuropeAid and DG External Relations in 2010**

**Commitments ( € million)**



**Disbursements ( € million)**



Bilateral and multilateral ODA (EuropeAid + DG External Relations)

**Table 32 IFS - External aid financed on the general EU Budget managed by EuropeAid and DG External Relations**

€ millions	2007	2008	2009	2010
<b>Commitments</b>	137	181	187	224
<b>Disbursements</b>	49	129	144	154

Bilateral and multilateral ODA (EuropeAid + DG External Relations)

### 3.4. Nuclear Safety

The EU continued its support for nuclear safety projects in the countries of the former Soviet Union under the TACIS (Technical Assistance to the Commonwealth of Independent States) programme. The main current challenges are to:

- strengthen the regulatory authorities in Russia, Ukraine, Armenia, Belarus and Georgia;
- promote an effective nuclear safety culture at all levels;
- improve the management policies on spent fuel and radioactive waste.

In 2010, the Commission transferred the balance of the 2009 pledge to the Nuclear Safety Account (€15 million). An additional contribution of €17 million to the Chernobyl shelter fund was transferred, following the adoption of the 2010 annual action programme of the Instrument for Nuclear Safety Cooperation (INSC). TACIS nuclear safety projects on radioactive waste management are still ongoing at the Chernobyl site, with a total budget of around €14 million. The establishment of a comprehensive radiation monitoring and early warning system in the Chernobyl exclusion zone has been completed. Almost all the radioactive waste management projects foreseen in the 2008 INSC annual action programme have been contracted (total commitment of €5.3 million). In Armenia, the EU provided on-site assistance to the Medzamor nuclear power plant and to the Armenian regulatory authority.

The Instrument for Nuclear Safety Cooperation came into force on 1 January 2007. Its main objectives are to promote high level nuclear safety and radiation protection, plus the application of efficient and effective safeguards of nuclear material in non-EU countries, worldwide. The 2010-2011 indicative programme has been adopted. Following exploratory missions to Jordan and Egypt in 2008, the EU conducted similar expert missions in southeast Asia, the Maghreb and Latin America in 2009. In 2010, the first visits to Mexico and Argentina took place. As a result of these missions, projects to support regulatory authorities have been defined for Vietnam, Philippines, Morocco, Mexico and Brazil. A project to train the staff of the nuclear regulator in China was transferred from the International Atomic Energy Agency (IAEA) to the INSC programme. New projects for Morocco and Jordan have been included into the 2010 AAP. Additional projects for activities in Brazil were prepared.

Cooperation with the IAEA included the final phase of implementation and the subsequent reporting of a joint project on the safety evaluation of Ukrainian nuclear power plants with all assessments based on IAEA safety guides. Funding of €4 million was also agreed, mainly for projects with the IAEA in non-CIS countries.

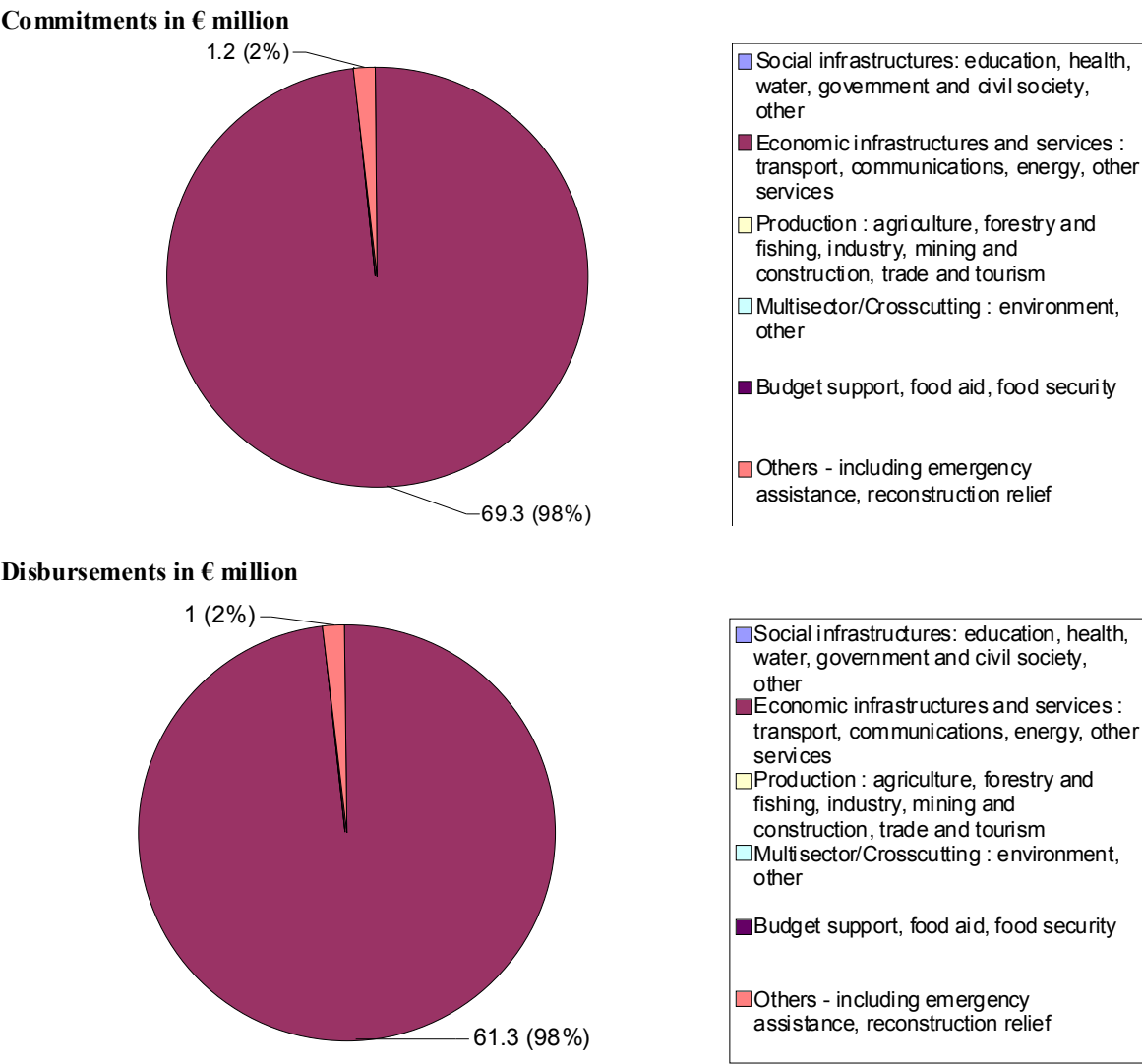
In addition, radioactive waste management projects have been adopted for Uzbekistan, Mexico and the Ukraine. A regional project aimed at the remediation of uranium legacy sites in central Asia was agreed.

In Ukraine, on-site assistance projects foreseen under the 2008 and 2009 AAPs are being implemented in all nuclear power plants. An additional €9 million has been allocated to operational and maintenance projects.

The national training centre for maintenance and management in Zaporozhye (Ukraine), has been the object of a major project to provide training to all staff of the National Nuclear Energy Generating Company of Ukraine (NNEGC Energoatom).

A new activity for training and tutoring staff of the national regulatory authorities and their technical support offices has been launched. For this first year of implementation, €2.5 million have been allocated to this activity. It will concern all candidate countries eligible under the INSC.

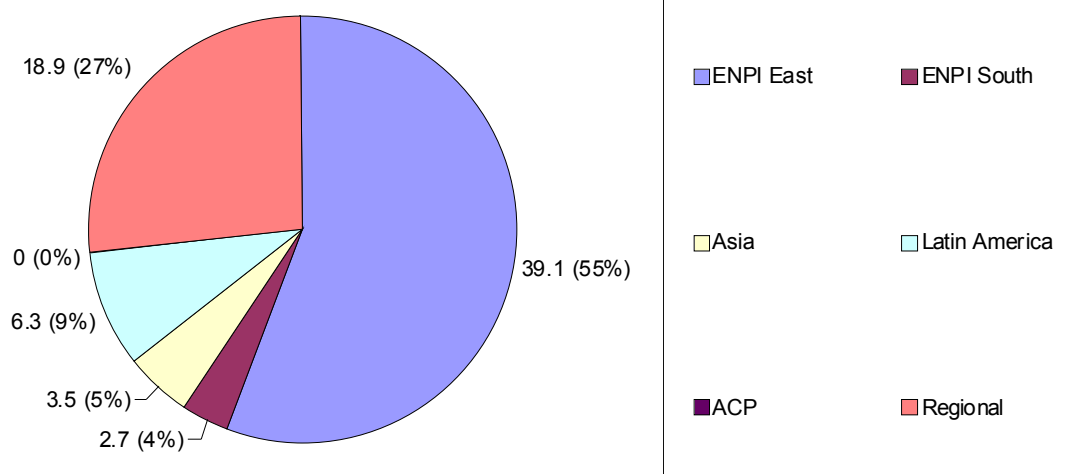
**Table 33 NSI - Breakdown by sector of external aid financed on the general EU Budget managed by EuropeAid in 2010**



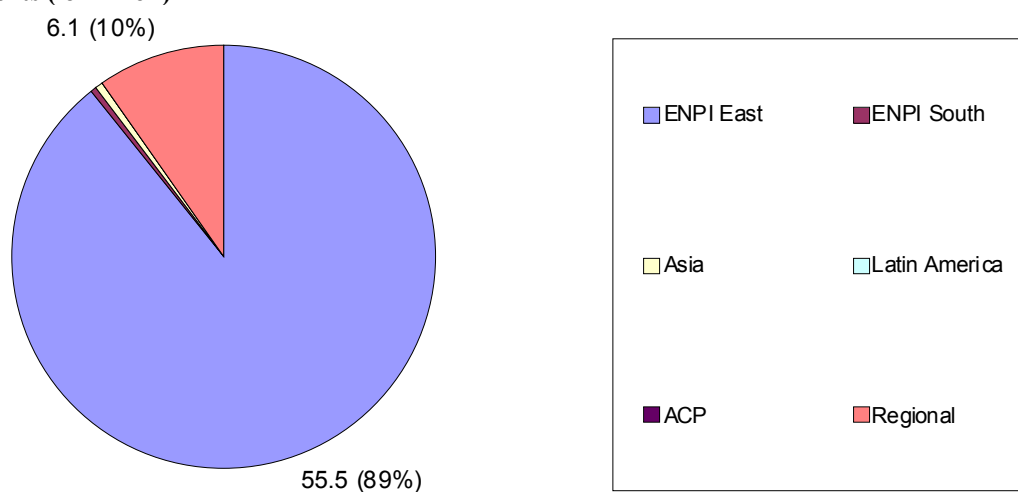
Main sector : Nuclear power plants  
Bilateral and multilateral ODA (EuropeAid only).

**Table 34 NSI - Breakdown by region of external aid financed on the general EU Budget managed by EuropeAid in 2010**

**Commitments ( € million)**



**Disbursements ( € million)**



Bilateral and multilateral ODA (EuropeAid only).

**Table 35 NSI - External aid financed on the general EU Budget managed by EuropeAid**

€ millions	2007	2008	2009	2010
<b>Commitments</b>	78.01	72.49	74.89	70.63
<b>Disbursements</b>	56.27	76.33	76.94	88.80

Bilateral and multilateral flows (EuropeAid only).

### **3.5. Humanitarian assistance**

#### *3.5.1. Introduction*

The aim of the Commission's Directorate-General for humanitarian aid and civil protection (DG ECHO) is to save and preserve life, prevent and alleviate human suffering, and safeguard the integrity and human dignity of populations affected by natural or man-made disasters. The mandate is to ensure rapid and effective delivery of EU relief to people faced with the immediate consequences of disasters.

The aspect of civil protection has been included in this policy area so as to facilitate cooperation in civil protection activities associated with major emergencies which may require urgent response action.

#### *3.5.2. Implementation of humanitarian aid*

The EU intervenes when and where crises or natural disasters occur, helping millions of affected people around the world. In 2010, the Commission's response to new or protracted crises totalled €1.1 billion and provided humanitarian assistance in 80 third countries and activating the civil protection mechanism for 28 crises inside and outside the EU.

The initial budget was increased on several occasions in order to respond to new crises and natural disasters occurring during the year, like those in Haiti and Pakistan.

Humanitarian assistance was provided to cope with the consequences of the following disasters:

- floods in Benin, Burkina Faso, Bangladesh, Colombia and Pakistan;
- earthquakes in Chile, Haiti and Indonesia;
- cyclones in south Asia, central America and Laos;
- droughts in Bolivia, Djibouti, the Greater Horn of Africa, Sahel region;
- epidemics in DRC, Haiti, Malawi, Zimbabwe and southeast Asia.
- Specific assistance was also provided to Mongolia (affected by the Dzud<sup>82</sup> phenomenon), Bangladesh (rodent crisis), Philippines (El Nino) and Guatemala (hit by a series of natural disasters - volcanic eruption, tropical storm, tropical depression after a severe drought in 2009).

The civil protection mechanism was activated 28 times during the year, within and outside the EU, to cope with floods in Albania, Benin, Bosnia & Herzegovina, Colombia, Hungary, Montenegro, Poland, Romania, Tajikistan and Pakistan; earthquake and cholera epidemics in Haiti; an earthquake in Chile; oil spill in the Gulf of Mexico; violent windstorm (Xynthia) affecting western Europe; forest fires in France, Portugal and Israel; snow storms in the UK

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<sup>82</sup> Natural phenomenon arising from continuous heavy snowfall combined with extreme cold and preceded by dry summers



and the Netherlands; hurricanes and tropical storms in Guatemala and Haiti; and finally an industrial accident in Hungary.

To deal with 'man-made crises', the Commission intervened after inter-ethnic clashes in southern Kyrgyzstan in June 2010 to supply shelters, food assistance, legal counselling and protection. In Yemen, the political and humanitarian situation deteriorated with several open internal conflicts across the country. Instability in the Horn of Africa, particularly in Somalia, increased the flow of persons landing on Yemen's shores as refugees and asylum seekers. Military operations in Pakistan worsened the plight of people displaced by the unrest in the northwest of the country in 2009 making about three million people dependent on humanitarian assistance. At the end of the year, the Ivory Coast faced a post-electoral crisis leading to a civil conflict which also affected neighbouring countries.

In addition to these crises, the Commission had to manage several protracted and complex emergencies such as:

- Sudan where increased insecurity, including frequent targeted kidnapping and harassment of humanitarian actors, and extremely limited access has contributed to the almost complete disappearance of humanitarian activities in Darfur. Interventions are largely limited to camps via partner organisations who are working in extremely precarious conditions;
- The occupied Palestinian territory where the population continues to live in hardship and social distress. In the West Bank, Israeli settlements growth, settler violence against Palestinians, and the security barrier continue to affect everyday life. One quarter of the Palestinian population is considered as being food-insecure;
- The Democratic Republic of Congo, where fighting, sexual violence and displacement of populations have persisted throughout the year although a gradual stabilisation has been noted in some parts of the country.

The Commission also pays particular attention to forgotten crises that have been neglected or overlooked by the international humanitarian community and/or media. In 2010, 13% of the initial operating budget was dedicated to these crises.

One of its main supporting roles is to ensure access in situations where humanitarian operations are under threat. This is particularly the case in protracted conflicts. The general lack of security and increased targeting of humanitarian workers remained major sources of concern.

Following the needs-based approach, humanitarian assistance and civil protection assistance were provided to the following regions.

**Table 36 - Humanitarian assistance and civil protection assistance per country (€ million)**

Region/country	Amount	%
<b>Africa</b>	<b>469</b>	<b>42%</b>
Sudan & Chad	169	
Central Africa	85	
Horn of Africa	96	
Southern Africa, Indian Ocean	32	
West Africa	87	
<b>Middle East, Mediterranean, Caucasus</b>	<b>98</b>	<b>9%</b>
Middle East, Mediterranean	96	
Caucasus	2	
<b>Asia</b>	<b>281</b>	<b>25%</b>
Central and South West Asia	198	
Central South Asia	34	
South East and East Asia	49	
<b>Latin America, Caribbean &amp; Pacific</b>	<b>159</b>	<b>14%</b>
Latin America	35	
Caribbean & Pacific	124	
<b>Civil Protection</b>	<b>28</b>	<b>3%</b>
Inside EU	14	
Rapid Response preparatory action	7	
Outside EU	7	
<b>World wide (capacity building, technical assistance, support)</b>	<b>80</b>	<b>7%</b>
<b>TOTAL</b>	<b>1 115</b>	<b>100%</b>

More details on EU operations in the field of humanitarian aid and civil protection in 2010, are available in the annual report on implementation of humanitarian aid<sup>83</sup>.

### 3.5.3. Humanitarian assistance policy

Many of the overarching policy issues regarding humanitarian aid are reflected in the 2007 European Consensus on humanitarian aid and its action plan. A mid-term review of the Consensus action plan was completed in autumn 2010<sup>84</sup>, which confirmed solid progress in all areas<sup>85</sup>.

Acute food and nutrition insecurity continued to affect a large number of vulnerable populations, who make up about 10% of the close to one billion food insecure people in the world. In March, the Commission adopted a Communication on Humanitarian Food Assistance<sup>86</sup>. It lays out the policy framework for EU action to strengthen efforts to address food insecurity in humanitarian crises, looking for the most appropriate mix of response tools to provide efficient and effective food assistance in a given humanitarian context.

<sup>83</sup> [http://ec.europa.eu/echo/media/publications/annual\\_reports\\_en.htm](http://ec.europa.eu/echo/media/publications/annual_reports_en.htm)

<sup>84</sup> COM(2010)722, 8.12.2010, SEC(2010)1505, 8.12.2010

<sup>85</sup> [http://ec.europa.eu/echo/policies/consensus\\_en.htm](http://ec.europa.eu/echo/policies/consensus_en.htm)

<sup>86</sup> COM(2010)126 [http://ec.europa.eu/echo/policies/food\\_assistance\\_en.htm](http://ec.europa.eu/echo/policies/food_assistance_en.htm)

The Commission also adopted a communication<sup>87</sup> on European disaster response capacity which aims at improving its effectiveness, coherence and visibility by building on the main components – humanitarian aid and civil protection – as well as military support where needed and appropriate, within and outside EU. Lessons learnt from Haiti, Pakistan, and recent natural disasters within Europe will shape proposals for the way ahead.

In line with the Lisbon Treaty (article 214.5), the Commission plans to set up a European Voluntary Humanitarian Aid Corps (EVHAC).<sup>88</sup> It adopted a Communication in November on how EU citizens can contribute to aid efforts and how the EU can express its solidarity with people in need. The Communication will be followed in 2011, the European Year of Volunteering, by a legislative proposal to set up the EVHAC.

A special Eurobarometer survey carried out in 2010 on humanitarian aid revealed a high level of solidarity among EU citizens with victims of conflict and natural disasters outside the Union. Eight out of ten citizens think it is important that the EU funds humanitarian aid outside its borders.

#### *3.5.4. Disaster preparedness*

The Commission supports disaster preparedness actions in regions prone to natural disasters, so as to help local communities to react rapidly and efficiently when disaster occurs. The Commission continued its support to the disaster preparedness (DIPECHO) programmes launched in 2009 and new ones in southern Africa, central Asia, southeast Asia and central America. Many of the Commission's major humanitarian financing decisions include disaster preparedness or mitigation of disaster impacts as an objective. Mainstreaming is based on activities related to infrastructure support, advocacy and public awareness, small-scale mitigation, mapping and data computerisation, early warning systems, education, institutional strengthening and climate change activities.

#### *3.5.5. Civil protection*

The Commission encourages and facilitates cooperation between the 31 states<sup>89</sup> participating in the civil protection mechanism and financial instrument. In doing so, it seeks to improve the effectiveness of systems for preventing and protecting against natural, technological or man-made disasters in Europe. The implementation of this mechanism ensures better protection of people, the environment, property and cultural heritage in the event of disasters. Assistance based on resources made available by Member States is provided within the EU and third countries struck by disasters, following a request from the government of the country concerned. Beyond disaster response, the Commission strives to enhance disaster prevention and preparedness, both within the EU and beyond.

### **3.6. Macro-financial assistance**

The Commission implements macro-financial assistance (MFA) in association with the support programmes of the IMF and the World Bank. The individual MFA programmes are

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<sup>87</sup> COM(2010) 600 final and SEC(2010)1243/1242, 26.10.2010

<sup>88</sup> [http://ec.europa.eu/commission\\_2010-2014/georgieva/themes/european\\_disaster\\_response\\_capacity\\_en.htm](http://ec.europa.eu/commission_2010-2014/georgieva/themes/european_disaster_response_capacity_en.htm)

<sup>88</sup> COM(2010)683, 23.11.2010 [http://ec.europa.eu/commission\\_2010-](http://ec.europa.eu/commission_2010-2014/georgieva/themes/voluntary_humanitarian_en.htm)

<sup>89</sup> [2014/georgieva/themes/voluntary\\_humanitarian\\_en.htm](http://ec.europa.eu/commission_2010-2014/georgieva/themes/voluntary_humanitarian_en.htm)

<sup>89</sup> 27 EU Member States, Norway, Iceland, Lichtenstein and Croatia

governed by *ad-hoc* legislative acts. The MFA instrument is governed by a set of principles which underline its exceptional character, its complementary role to support financing from international financial institutions and its macroeconomic conditionality. It is designed to help beneficiary countries experiencing serious, but generally short-term macro-economic imbalances (balance of payments and fiscal difficulties). In close coordination with IMF and World Bank programmes, MFA has promoted policies to meet specific country needs with the overall objective of stabilising the external and internal financial situation and establishing market-oriented economies.

Two new operations were approved in 2010. The European Parliament and the EU Council decided in July<sup>90</sup> to provide MFA assistance to Ukraine in the form of a €500 million loan. Together with €110 million from a 2002 decision, this brings to €610 million the amount made available to Ukraine. On Moldova, a decision<sup>91</sup> to provide MFA assistance of up to €90 million in the form of grants was adopted in October. The first disbursement to Moldova (a €40 million grant) took place in December. Discussions with Ukraine on the policy conditions related to its loan were not completed at the end of 2010.

Concerning ongoing assistance, payments of €7.7 million and €23 million in favour of Georgia were made in January and August, both in the form of grants. This was part of the €46 million MFA assistance approved in 2009 to help Georgia overcome the impact of its 2008 conflict with Russia and the global financial crisis.

The Council decision<sup>92</sup> to provide up to €80 million of MFA to Lebanon expired in 2010 after the failure of Lebanese authorities to ratify the one-year extension proposed by the EU. Only €40 million were disbursed (a grant of €15 million in December 2008 and €25 million in the form of a loan in May 2009), reflecting insufficient implementation of some policy conditions by Lebanon and the expiry of the IMF's financial arrangement.

## **4. MANAGING AID FOR RESULTS**

### **4.1. Monitoring and evaluating projects**

For several years the European Commission has been assessing the effects of EU development policy and the results of its implementation. The Commission uses two major tools to evaluate the impact of its actions in partner countries:

- The results-oriented monitoring system which provides a harmonised overview of the portfolio of projects and programmes under five evaluation criteria (relevance, effectiveness, efficiency, impact, sustainability). This system answers the main question: "are projects and programmes on target to deliver the intended results?"
- The evaluation of results of geographic, sectoral/thematic policies and programmes, as well as of aid delivery and programming performance. This exercise is crucial for the external assistance policies as a whole and needs to feed back into the programming cycle. Evaluations are important for accountability towards the public and provide lessons about what has worked and not worked and the reasons why.

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<sup>90</sup> Decision 388/2010/EU

<sup>91</sup> 938/2010/EU

<sup>92</sup> 860/2007/EU

#### 4.1.1. Results-oriented monitoring

In 2010 the Commission's Results-Oriented Monitoring (ROM) system celebrated its 10<sup>th</sup> anniversary. The system has produced more than 12 000 reports providing a large amount of data, while the methodology reached a high level of maturity. The ROM system plays a vital role in ensuring the quality of EU development aid. It forms part of the overall quality assurance cycle, which starts during the design of projects and ends once they have been completed.

The ROM system is based on onsite visits where monitors interview project and programme staff, review key project documents and, most importantly, interview relevant stakeholders including the beneficiaries. Based on empirical data, the system produces and delivers objective, impartial and comparable reports. The methodology is based on internationally (OECD/DAC) agreed evaluation criteria. These are relevance, efficiency, effectiveness, impact, and sustainability. It is firmly focused on results, both short-term and long-term. To promote transparency, ROM reports are disseminated by the EU to project managers, partner governments and other stakeholders.

The ROM brings benefits:

- At the micro level, it gives feedback to project managers on the performance of operations under their responsibility and presents recommendations for improvements, if necessary.
- At the macro level of general policy context, implementation and review, ROM provides a statistical overview of the performance of the EU development aid portfolio with data allowing comparisons over time, across regions, between sectors etc.
- At the level of programming and learning, quantitative and qualitative studies based on ROM data contribute lessons learned and best practices for programming and planning new projects.

#### ROM performance in 2010

In 2010, the number of Commission ROM reports exceeded 2 000 for the first time. This follows a steadily rising 10-year trend – from 50 reports in 2001 to 2 119 in 2010. The upward trend concerns all types of ROM activities:

- ROM of regional programmes (+34%);
- a specific ROM exercise covering the EU Food Facility which was operating at full capacity in 2010 (135 reports);
- monitoring of completed projects, i.e. *ex-post* ROM (+25%);
- testing phase of ROM of sector policy support programmes (29 reports).

**Table 37 - ROM outputs 2010**

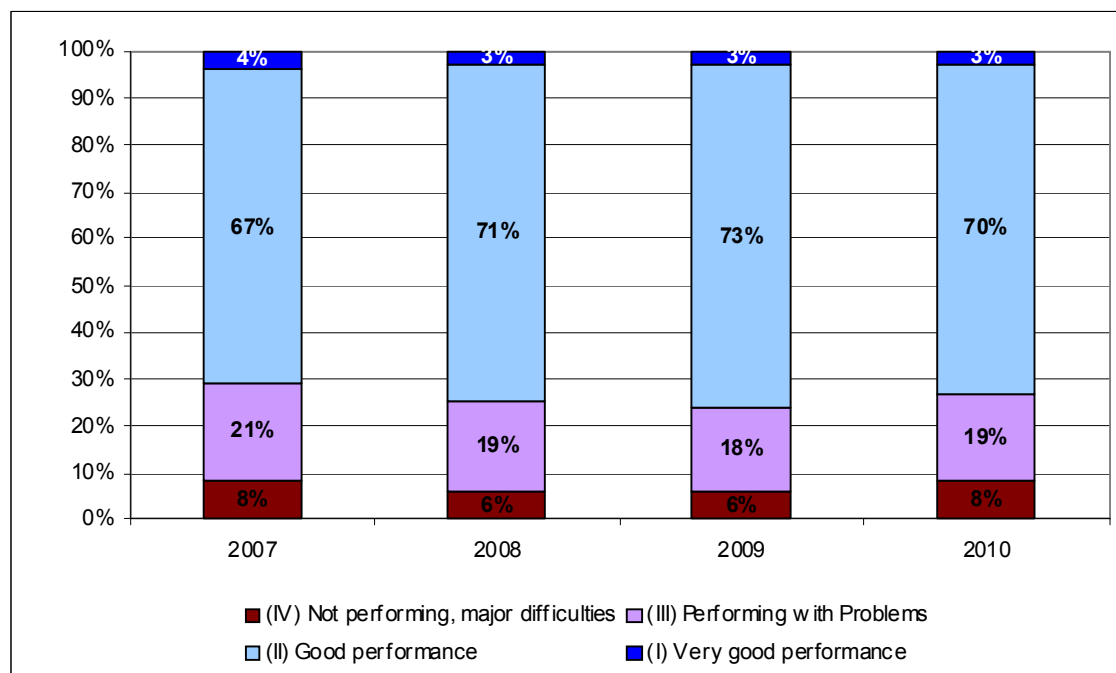
Number of ROM reports	ONGOING	EX-POST	TOTAL
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National projects	1284	202	1486
Regional programmes: <i>consolidated reports</i>	213	13	226
Regional programmes: (national) <i>component reports</i>	360	18	378
Sector Policy Support Programme	29	N/A	29
Total in 2010	1886	233	2119
Total in 2009	1556	174	1730

**Table 38 - Overview of ROM activities**

	Number of projects & programmes monitored	ENPI East	ENPI South	Africa	Asia	Latin America	CMTP	Caribbean	Pacific	Food Facility	Total 2010	Total 2009
Ongoing	National projects	178	130	395	195	152	3	51	41	119	1264	
	Regional programmes (as a whole)	35	58	8	25	17	45	8	12	3	211	
	Regional programme components	107	17	32	72	11	86	12	12	11	360	
	Sector Policy Support Programme	1	7	13	2	1	-	3	2	-	29	
	Million € covered for ongoing projects	495	1,185	2,753	1,195	663	184	436	263	455	7,631	8,053
Ex-Post	Closed projects/programmes	36	12	65	38	44	3	8	9	0	215	174
	Million € covered Ex-Post	74	73	542	176	169	4	38	30	-	1,107	805

**Table 39 - Overall performance of ongoing national projects by category**

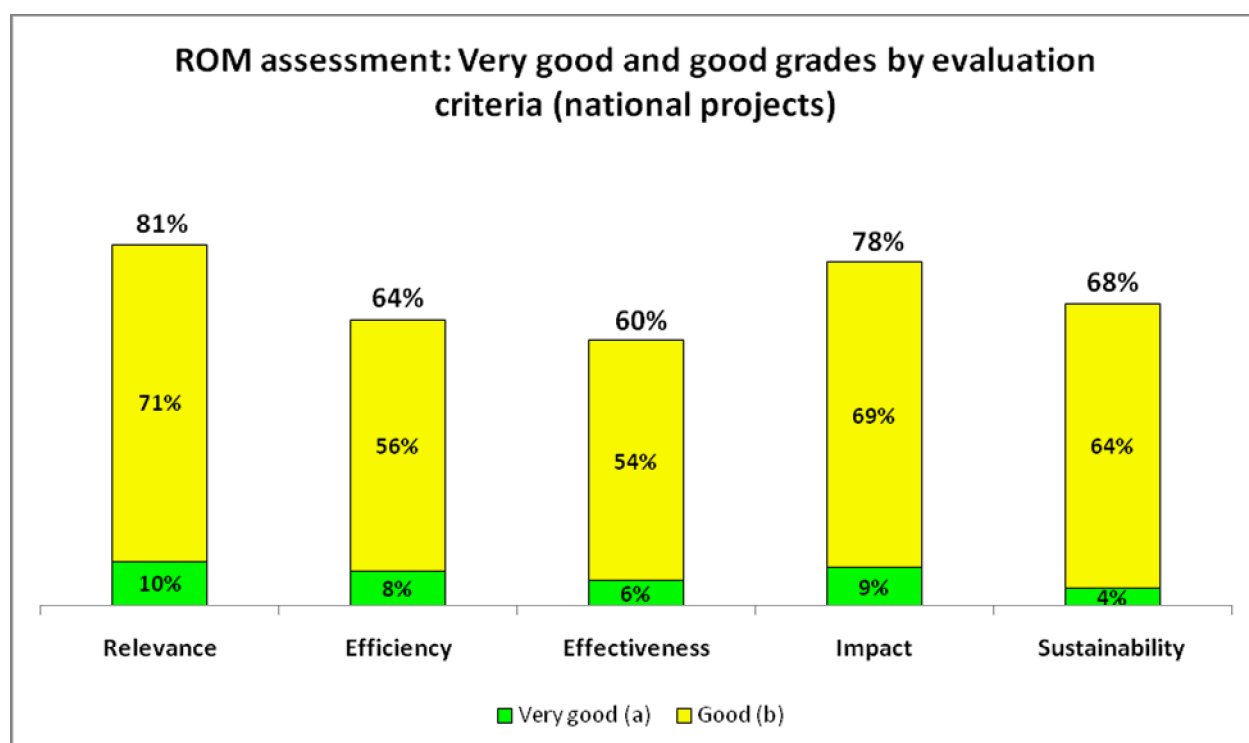




Performance of projects is classed in four categories as given in the table. The overwhelming majority of projects performed well or very well (73% for both categories in 2010). This is a recurring pattern, with a fairly constant score for good performers, while projects facing major difficulties fluctuate annually between 6% and 8%.

A closer look at category ii ("good performance"), which contains the large majority of projects/programmes, provides a useful insight. In this group, nearly half the projects recorded good scores in all five DAC criteria, which means that they were fully on track, while retaining some scope for improvement. However, fewer than a quarter of "good" projects had problems with two DAC evaluation criteria, which needed to be addressed to ensure full success of the project.

**Table 40 - Performance by evaluation criteria**



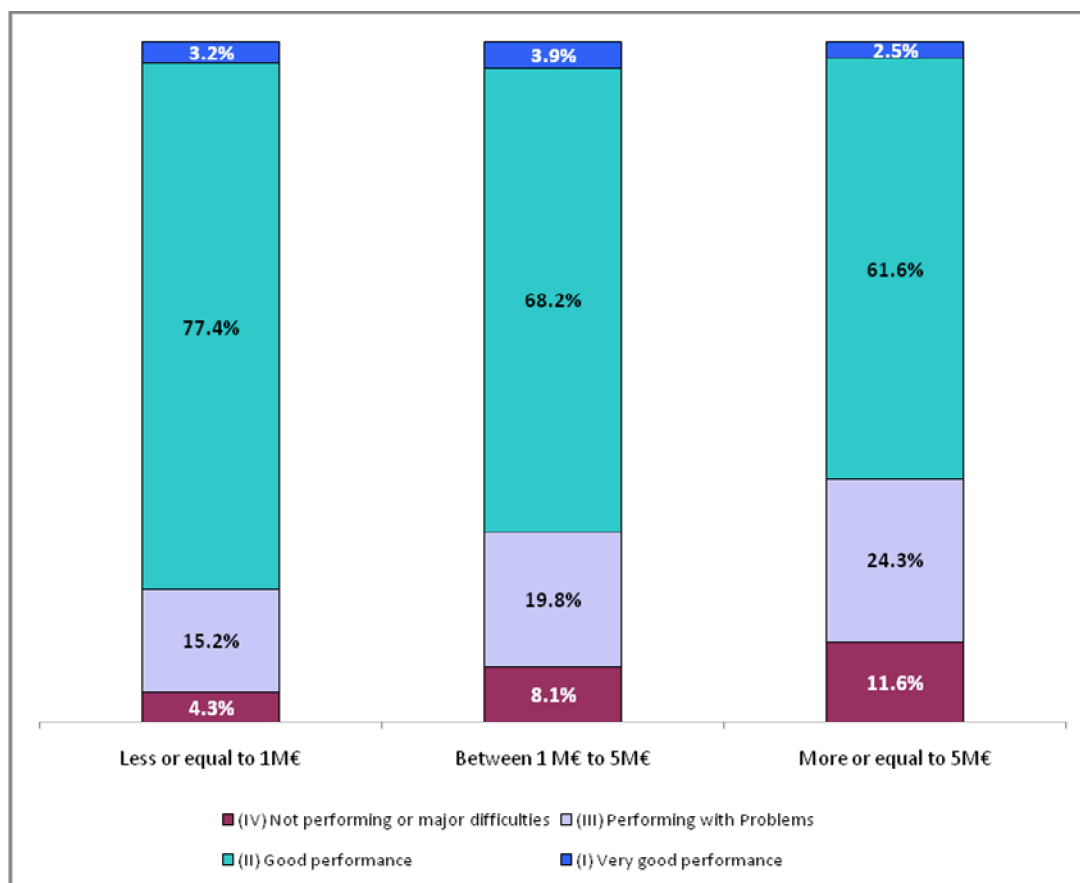
Projects screened by ROM performed particularly well in terms of potential impact and relevance. However it should be noted that the relevance score takes into consideration two specific issues (the project's actual relevance and its design). In fact the score of 81% for the whole criterion is an average of two scores: the relevance itself scored 96% (of good and very good) while the design score was lower (67% of combined good and very good). This underlines the importance of ensuring proper project design which Commission services address through a *ex-ante* peer review system called oQSG (office Quality Support Group).

**Table 41 - Project performance by ODA sector**

Performance category of ongoing (national) projects by sector	Very good performance	Good performance	Performing with Problems	Not performing, major difficulties	N° reports produced	Million € covered

	I	II	III	IV		
Education	4.8%	74.2%	17.7%	3.2%	62	362.49
Health and Reproductive Health	4.4%	67.6%	22.1%	5.9%	68	286.03
Water and Sanitation	1.3%	63.8%	22.5%	12.5%	80	507.96
Government and Civil Society	2.7%	75.4%	16.5%	5.4%	333	952.75
Other Social Infrastructure and Services	3.6%	78.2%	12.7%	5.5%	55	212.60
Economic Infrastructure and Services	3.5%	74.5%	17.0%	5.0%	141	1,008.03
Production sectors	4.7%	64.4%	21.5%	9.4%	191	697.64
Multisector - Crosscutting	1.8%	78.2%	13.6%	6.4%	110	493.12
Commodity Aid + General Programme Assistance	3.3%	59.3%	26.9%	10.4%	182	592.63

**Table 42 - Performance by project budget size**



The above table provides the first comparison of ROM scores of projects of different size. It shows that bigger projects tend to get worse scores. However it would be premature to use this table as definite proof of a link between project size and quality. This would require a more in-depth analysis, taking account of the specificities of the ROM methodology.

### New developments in 2010

Three main topics were developed in 2010:

- Cost/benefit analysis of ROM and project evaluations

During project and programme implementation, Commission services use two different tools to assess performance and to identify potential for improvement. These are, firstly, the ROM system with its brief, highly structured format, managed centrally from Brussels; and secondly, project/programme evaluations, which are largely managed by delegations and which are larger and more in-depth. Although both tools provide benefits on similar levels – project management, accountability and lessons learned – and use the same criteria to analyse performance, there has been no systematic coordination or a clear division of labour between the two tools.

The Commission has embarked on a critical reflection on the strengths and weaknesses of ROM and project evaluations. A study based on expert experience and a broad survey of staff members has identified the need to disentangle the different purposes served by ROM and to streamline project evaluations managed by delegations. While accountability calls for an objective and independent assessment, support for project management is more effective if an

evaluation is participatory, makes use of the experience and expertise of the people involved, and assures that the results are agreed upon by all stakeholders. In this sense, EuropeAid is exploring possibilities to develop separate tools, one which will focus on accountability while another will be designed to increase participation and ownership at project level.

- ROM/ project evaluation database

The Commission is developing a new database for both project/programme evaluations and ROM reports. This database will be an integrated module of the larger PCM platform which will serve as the central tool for operational management of Commission-managed actions throughout their lifecycle. The evaluation and ROM database will facilitate planning and coordination, support the management of evaluations, serve as central storage point for all reports and enable advanced search and analysis functionalities in terms of aggregation and lessons learned. The concept for this database was drafted in 2009 and drawn up in detail in 2010. The IT development is ongoing with pilot testing expected in the second half of 2011.

- Multi-donor monitoring

In April, the Commission organised a seminar on how to monitor multi-donor programmes. Several European aid agencies plus four UN agencies and the World Bank attended. The purpose was to propose concrete steps for better harmonisation between donors when monitoring common projects. The participants agreed to:

- a) increase the inter-agency dialogue by nominating a focal point in each agency for monitoring and evaluation and to exchange planning information;
- b) provide greater transparency – the Commission agreed to make multi-donor monitoring reports accessible online. (The other agencies are invited to upload their own reports);
- c) analyse the results of monitoring reports and decide on follow-up action. The long-term aim here is to organise joint missions.

These three first steps will serve as a transitory stage where each agency will have the opportunity to understand better the way the others work.

#### 4.1.2. *Evaluations*

In 2010, the Evaluation Unit carried out joint evaluation functions for three Commission DGs: (Development, External Relations and EuropeAid)<sup>93</sup>. This was based on the multi-annual programme for 2007-2013, approved in 2007 by the Commissioners concerned. The programme established three main activities: geographic evaluations (partner countries and regions); thematic and sectoral evaluations; and evaluations covering aid delivery mechanisms.

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<sup>93</sup> The mandate of the joint evaluation unit is "the evaluation of the results of regional and sectoral policies, programmes and programming performance is crucial for the success of the external aid policies as a whole, and needs to feed back into the programming cycle. To ensure objectivity, this level of evaluation should be conducted independently and serve as a feedback loop for the services responsible for policy, programming and implementation. The evaluation services would be accountable to the Group of Relex Commissioners. The Group will decide on the work programme of the evaluation services and act on its reports recommendations", (SEC(2000)814/5 of 15 May 2000).

## The 2010 work programme

Nine country-level evaluation reports were completed in 2010: El Salvador, Egypt, Ukraine, Maldives, Burkina Faso, Nigeria, Liberia, Senegal (jointly with Spain) and Niger (jointly with four Member States). One sector evaluation report was completed in education. The second part (concept study) of the conflict-prevention and peace building evaluation and the feasibility study for evaluating the European Consensus were also completed. Full texts of these reports are available on the evaluation website<sup>94</sup>.

Ten geographic evaluations were initiated in 2010: Ecuador, Colombia, Nepal, the north and south regions of European Neighbourhood Policy, Malawi, Jamaica, Congo (Brazzaville), Caribbean region and Burundi (jointly with Belgium and France). At the end of 2010, seven geographic evaluations were still ongoing: Tunisia, Philippines, Honduras, Dominican Republic, Ethiopia, Djibouti and OCTs.

In view of preparations for setting EU financial perspectives post-2013, six thematic and sectoral evaluations are due to be finalised in the first half of 2011: conflict prevention and peace building, employment and social inclusion, human rights and fundamental freedoms, judicial and security sector reform, support for decentralisation, and visibility of EU external action. Four sectoral and thematic evaluations were launched in 2010 with results available in 2013: health (relaunched), the private sector, trade-related assistance and integrated border management.

On aid modalities, an evaluation of activities financed through the Council of Europe was launched in 2010. The evaluation on technical cooperation was still under way at the end of 2010 and due for completion at the end of 2011. For budget support, the two pilot studies conducted in Tunisia and Mali should be finalised by March 2011. It is planned to refine budget support methodology to take account of lessons learned from these pilots. The new methodology could be applied from autumn 2011.

With regard to dissemination and feedback mechanisms, nine seminars were organised in-country to discuss evaluation report findings for Niger, Burkina Faso, Nigeria, Senegal, Liberia, El Salvador, Egypt, Maldives and Ukraine. Nine "*fiches contradictoires*" (which follow up on earlier evaluation recommendations) were published for the evaluation reports on: Chad, Guyana, west Africa, SADC, United Nations, Development Banks, energy, water and sanitation, and Jordan.

## Results from evaluations finalised in 2010

- Geographical evaluations

**El Salvador:** The evaluation report covered the period 1998-2008. It found that EU aid strategy was in line with the main needs of the population and demonstrated flexibility over time. Positive results were achieved in the field of social violence, secondary technical education and access to drinking water and sanitation. But results for support to small enterprises and for the development of a legal framework in the water sector were more limited. The report highlighted the flexible use of budget support, demonstrating the leading role of the Commission and allowing EU involvement in the new national poverty reduction

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<sup>94</sup> [http://ec.europa.eu/europeaid/how/evaluation/index\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/index_en.htm)

programme. It was noted that demand-driven pilot projects with significant financial support had shown positive results, encouraging changes in national policy.

**Egypt:** Covering the 1998-2008 period, the evaluation report showed that EU cooperation strategy has increasingly benefited from a consultation with the government and various stakeholders, which improved its relevance. But areas of support are still insufficiently prioritised. The greater use of budget support and the mix of implementation tools helped to improve efficiency. However, this was sometimes undermined by not taking account of the institutional constraints of implementing agencies or the complexity of EU and partner procedures. In the three main areas of support, the evaluation report indicates important recent progress in the implementation of reform measures in social sectors, positive specific contributions to economic change, but few tangible results in the area of governance. The use of budget support has facilitated reforms affecting the institutional, regulatory and managerial framework of key sectors but it did not influence the policy and budgeting framework of the sectors concerned, as it was often used by the government of Egypt as a project fund.

**Ukraine:** The evaluation report for 2002-2009 followed on from the previous country-level evaluation. It says EU assistance to Ukraine underpins institutional, legal and economic reforms which facilitate Ukraine's rapprochement with the EU for the benefit of both parties. Significant results have been achieved in assistance for legal reform, economic activity and trade, development and modernisation of the energy sector, improving nuclear safety and fighting illicit cross-border activities. In the absence of structural reforms, the expected impact in the areas of justice, health and local development did not fully materialise. Civil society organisations have been supported but sustainability is at risk. It is only recently that policy dialogue on environmental governance has been set up. Budget support, which was launched in 2007, has not yet delivered on its potential impact. Most of the projects delivered their expected outputs, but no attempt was made to assess their outcomes and impacts. Negotiations on the association agreement and on the deep and comprehensive free trade area have given a new impetus to policy dialogue.

**Maldives:** The evaluation report covered the period 1999-2009. While the strategy has been relevant and in line with the national requests and needs, EU support was dispersed over too many sectors and islands which diluted impact and visibility. Projects managed at national level tended to perform better than those managed from outside. The EU was very successful with support for the preparation of presidential and parliamentary elections. Some programmes had efficiency problems, with inconsistencies between programming and implementation and a lack of internal monitoring.

**Burkina Faso:** The evaluation report for 1999-2008 said EU assistance had substantial impact in some sectors (roads, water and sanitation). In others, the low efficiency of project management (culture), or the lack of a clear national strategy (rural development) kept results below expectation. General budget support has enabled the EU to adopt a leading role, with a positive knock-on effect on other technical and financial partners. It has encouraged the government to improve public finance management and to increase its performance in the social sectors. Monitoring and measurement of results remained insufficient and do not provide a clear understanding of the main drivers of change and the extent to which the donor community has contributed to it.

**Nigeria:** The evaluation covered the 7<sup>th</sup> and 9<sup>th</sup> EDF. The 8<sup>th</sup> EDF did not apply to Nigeria because EU assistance was suspended while Nigeria was under military rule. The EU interventions were relevant and the Nigerian partners appreciated the responsiveness of the

EU co-operation. The most successful areas for EU assistance have been vaccination, micro-projects and support for the anti-corruption unit. The effectiveness and impact of EU interventions in two key sectors (institutional and economic reform, water supply and sanitation) have been limited. Support for democracy and human rights through various instruments was not coordinated with EDF-funded support and potential synergies were not created. Time-efficiency was poor because of a complicated and over-ambitious EU strategy design and a lack of ownership on the Nigerian side.

**Liberia:** The evaluation report covered the period 1999-2008, including the period of civil war which lasted until 2003. The EU was an active participant in key events that helped to bring Liberia out of decades of conflict and violence. However, EU programming was too ambitious and the EU's financial and political commitment was not backed up by sufficient managerial resources. In consequence, the EU's contribution lagged significantly behind its potential value-added for assisting post-conflict societies and its commitment to focus support on the most vulnerable marginalised people. The Commission's procedures and mechanisms for design, planning and implementation did not adequately take into account the difficult conditions, risks and operational constraints of Liberia's post-conflict environment.

**Senegal:** This evaluation was carried out jointly with Spain and covered the period 1996-2008. Fragmented at the outset, EU aid strategy gradually became more focused. But complementarity and synergies between the various instruments and aid delivery mechanisms remained weak. Some positive impacts have been noted on road building and on urban drinking water, but with fragile sustainability. Sanitation lacks a strong sector strategy. The Commission and Spain have invested in employment with positive results at institutional level but with uneven results for job creation in a country with fast population growth. In Casamance, the two aid programmes have been complementary and synergies exist which assure better access to social services and to the economic support. Support for civil society has been effective and the leading role of the EU delegation for implementing the division of labour between the Member States is recognised. The rapid introduction of budget support has led to an increase in the absorption of funds but the impact on the budget and the social sectors, especially on the poorest, still need to be demonstrated.

**Niger:** This joint evaluation between the Commission, Belgium, Denmark, France and Luxembourg covers the period 2000 to 2008. Due mainly to Niger's limited agricultural potential and the high population growth, its people remain very poor. In the period covered, the five donors provided more than 50% of Niger's total ODA. Projects and budget support had positive results in institutional reform, technologies, health, education and water supply. However, this level of aid and the individual donor strategies have not helped reverse the poverty dynamic. In 2007, the government proposed an ambitious strategy aiming at an annual growth *per capita* of more than 3%. The five donors do not appear to have set up a common framework to use their aid to underpin this growth. The report questions the fragmentation of aid from EU member states and the Commission and recommends a common long-term strategy both for supporting the government's growth targets and providing help on social issues for the poorest part of the population.

- Thematic and sectoral evaluations and analysis

The evaluation of support to the **education sector** covered the period between 2000 and 2007. The European Commission contracted €1.9 billion for direct support to primary and secondary education and an additional €3.2 billion in general budget support with education as a conditionality. EU support focused mainly on primary and basic education, supporting

secondary levels in countries with a medium Human Development Index. EU investments were successful in increasing school enrolment but the quality of schooling was often poor and learning achievements remain limited. The fast track initiative has not consistently delivered results. It also faces the problem of a lack of mutual accountability and aid fragmentation. Capacity development support to improve the delivery of educational services is often impeded by the lack of adequate resources and realistic timetables to allow real ownership by partner governments. The Commission's shift to sectoral and general budget support has helped partner countries to start education reforms but these depend on being integrated into wider public reform including decentralisation and public finance management. EU Delegations need to improve their capacity to deal with this new cross-sectoral approach.

**Road transport sector analysis:** 21 country-level evaluation reports in Sub-Saharan Africa published between 2003 and 2010 addressed road transport as a focal sector. An analysis of these reports, based on projects funded by the 7<sup>th</sup> and 8<sup>th</sup> EDF, has shown that EU assistance went mainly to the construction or maintenance of trunk roads, and to institutional reform in the road transport sector. Impacts on employment (direct or indirect), on the environment or on health were not monitored. In most cases, transport time and cost were reduced but the gains were often diverted by special interests. Therefore, in numerous cases the potential for increased competitiveness has not been realised. When a network of trunk roads associated with feeder or rural roads exists, accessibility to rural markets or social facilities is improved, thus contributing to poverty reduction. The sustainability of infrastructure remains a major challenge. The trade-off between the costs of quality road building, the use of overloaded (and overweight) trucks and a road's life expectancy merits an in-depth analysis. At the regional level, the EU contributed to a better road network and to a greater effort to harmonise national road sector policies. These efforts encountered several drawbacks: lack of road maintenance, weak implementation of road regulation, reluctance at state level to eliminate some traffic barriers and to put an end to illegal taxes or their equivalents. To correct the situation, the Commission has changed substantially its approach by switching to sector support from project support and by making use, whenever possible, of sector budget support as a financing mechanism. However, further work is needed to shift the focus from road to transport logistics and to address inter-modality, trade facilitation and governance.

**Evaluating budget support:** The decision to test the methodological approach for evaluating budget support was taken by the OECD/DAC evaluation network. In 2010, three pilots were under way: Tunisia and Mali under the leadership of the European Commission, and Zambia under the leadership of the Netherlands, Germany and Sweden. Final test results are expected by March 2011. The first indications from the Tunisian case seem to demonstrate that general budget support has had a significant impact, while there has been less impact for SBS in the education sector, and that the evaluation methodology has worked.

Based on the Commission's geographic evaluations finalised in 2010 (Burkina Faso, Egypt, El Salvador, Niger), the preliminary findings announced in last year's annual report have been confirmed. These four reports highlighted the leading role of the Commission with positive knock-on effects on other donors in encouraging partner governments to improve public finance management and in facilitating reform measures to increase the performance of key areas, in particular the social sectors.

### **Synthesis of main lessons learned**



- Commission programming and implementation addressed the needs of partner countries and remains consistent with EU goals, but priorities need to be ranked in order of importance.
- Country strategy papers are sometimes too ambitious for EU Delegations' capacities to handle. The choice of sector does not always reflect the priorities of the partner country.
- Effectiveness is positive for most activities. However, improved coordination and synergy between activities, as well as clearer strategy in the choice of aid mechanisms, is still needed.
- Efficiency appears as the weakest element of EU interventions. Delays and cumbersome procedures have been noted. The lack of internal monitoring and historical memory are also frequently cited in the evaluation reports.
- Commission activities do generate positive impacts, as described in the various evaluation reports. To make them more visible, the Commission should develop a comprehensive system for measuring results.
- Sustainability of EU interventions, especially at project level, is at risk because of lack of ownership by partners and the absence of an exit strategy.
- An emerging challenge for the Commission is to look for synergies between sectors and to develop a multi-sector approach.

## **Outlook for 2011**

The evaluation programme for 2011 will follow the structure laid out in the multi-annual evaluation programme for 2007-2013. The following evaluations are planned for 2011: ten geographic evaluations (Cameroon, China, India, Kenya, Madagascar, Mexico, Morocco, Sudan, Yemen and budget support in Tanzania), and four thematic evaluations (food security, environment mainstreaming, research and development, governance). The synthesis of results from the pilots evaluating budget support will produce guidelines for other budget support evaluations.

### **4.1.3. Integrating lessons from monitoring and evaluation**

A number of changes to ROM methodology were agreed during 2009. A specific methodology for regional programmes was introduced; the *ex-post* methodology was fine-tuned; the feedback on the reports was strengthened, while additional information on horizontal and cross-cutting issues (environmental aspects, gender issues, and technical cooperation) were added to the list of questions to be checked.

These new features were implemented in 2010. The data collected will allow for additional analysis in 2011. Over 1 200 online response sheets were completed by task managers in delegations, providing an important follow-up to the ROM reports themselves. The responses help validate the quality of the reports and ensure the subsequent application of their recommendations. The regional ROM methodology was successfully applied to monitor 213 programmes based on field visits to 360 national entities. This specific methodology will allow a better assessment of the regional dimension of programmes and of the challenges of

regional cooperation. Finally the information on horizontal and cross-cutting issues collected with the re-designed ROM templates constitutes a wealth of data for analysis in 2011.

In 2011, two specific developments will be followed up:

- The findings and conclusions of the cost/benefit analysis of ROM and project evaluations will be translated into action. The action plan will take into account the recommendations of the special report of the Court of Auditors on the results of the devolution process.
- Day-to-day monitoring by delegation staff in the country of implementation is crucial for the success of a project. The Commission will therefore, in 2011, review and strengthen different tools used by EU Delegations for internal monitoring. Standardised templates will be introduced (e.g. for field visits) while a specific monitoring process for the inception phase will be proposed for new projects and programmes. During this process, the conclusions of the oQSG peer review will be used to fine-tune and quantify the indicators.

In addition, the Commission will strengthen its internal control system, making sure that a proper quality reporting system is put in place. Task managers in delegation will assess the performance of projects and programmes through a new, IT-based "traffic light" system. This will serve as an early warning to identify projects with performance issues that need to be addressed. Finally, EU Delegations will be required to produce and regularly update a monitoring workplan, covering internal monitoring actions, upcoming ROM missions and the pipeline of project evaluations. The monitoring/evaluation workplan will be part of the ROM/project evaluation database.

## **4.2. Toward better aid delivery**

### **4.2.1. *Developments in aid delivery modalities and channels***

The Commission sought to raise its standards in recent years for aid implementation, quality control, accountability and results monitoring. It is reforming its processes to make them simpler and more focused on quality and results, and to bring them in line with internationally agreed objectives on aid effectiveness. The Commission has also developed more dynamic forms of partnership with beneficiaries and with other donors.

In 2010, efforts concentrated on:

- A reform of the main quality tool during the design phase of the project's lifecycle (a peer review by quality support groups), was to include an enhanced focus on the quality of technical cooperation in project design from January 2010.
- The implementation of technical cooperation (TC) reform to improve aid effectiveness at operational level. Key steps so far have been: the mainstreaming TC principles into the project cycle; the use of a quality-control approach through a TC quality grid during project design phase; and the inclusion of TC reform among the issues monitored in ROM (see further information below).
- A revamped, more user-friendly and extended version of the thematic knowledge-sharing platform [www.capacity4dev.eu](http://www.capacity4dev.eu) was launched in October 2010. The goal of the new version is to cover progressively all development cooperation topics.

- Cooperation and partnership with other donors and especially with Member States to enhance effectiveness and efficiency of aid delivery and to impact positively on beneficiaries.

### **The ‘Backbone Strategy’ for reforming technical cooperation and capacity4dev.eu**

In July 2008, the Commission launched the so-called backbone strategy for reforming technical cooperation. The strategy provides a set of principles including the development of local capacity, demand-led approach, partner country ownership, and strong result orientation. Special attention is paid to innovative options for the provision of technical cooperation including the use of national and regional resources and of public sector expertise, as well as various forms of twinning. In 2010, the Commission continued to work intensively to implement the reform at operational level:

- Delegations regularly use the guidelines on making TC more effective as a reference tool and the TC quality criteria are mainstreamed in the project cycle;
- The tools put in place for TC quality checks (TC quality grid, quality support groups, ROM) are used during identification, formulation, monitoring and evaluation of TC programmes;
- The mapping of ongoing and pipeline programmes showed that the backbone strategy implementation was used to ensure the quality of these programmes. The mapping also confirmed that in most cases the purpose of TC is capacity development;
- The toolkit for capacity development has been distributed at headquarters level and through a seminar and the capacity development approach is progressively becoming a core tool;
- Training on TC at headquarters and delegation levels remains intensive. In 2010, nine in-country learning events focusing on local case studies took place in Afghanistan, Ghana, Papua New Guinea, Suriname, Sierra Leone, Tanzania, Ukraine, Vietnam and Zambia plus five headquarters training sessions and one workshop on the comprehensive institutional building programme for the ENP east region.
- Information activities for other donors (UN & World Bank) and EU Member States have been pursued to make them aware of the Commission TC quality approach for example in view of jointly managed or delegated operations.

Capacity4dev.eu<sup>95</sup>, the website initially focused on technical cooperation reform at its launch in October 2009, underwent a major overhaul in 2010 in terms of look, structure and improved navigability. Capacity4dev.eu has expanded to incorporate a host of topic areas relevant to the development community. The new look has been designed with the user in mind. The site offers a regularly updated magazine, with news and views on the latest thinking in a given field. It offers development practitioners the option to participate in or set up their own collaborative working groups. At the end of 2010, capacity4dev.eu had more than 2 500 registered users, 55 000 unique visitors from over 6 500 cities in 212 countries, more than 20 topics areas and more than 50 working groups with wide-ranging interests.

<sup>95</sup>

[www.capacity4dev.eu](http://www.capacity4dev.eu)

#### 4.2.2. *Budget support*

Budget support is the mechanism used to transfer aid funds to the national treasury of the beneficiary country if it meets agreed conditions for payment. During 2010, the Commission continued to use budget support, which represented 26% (€1.8 billion) of all commitments from the EU budget and the EDF.

The funds are provided either as general budget support, where the EU supports the implementation of a national development strategy, or as sector budget support, where EU funds help the partner country in a given sector.

In 2010 GBS commitments made up 28% of all new budget support operations, amounting to €494 million. This was significantly down on the figure of 35% in 2009. The beneficiaries were 34 ACP countries and two ENPI countries.

Sector budget support also fell in 2010. Total SBS commitments amounted to €1.3 billion, about 73% of new budget support operations committed in 2010, compared to €1.5 billion in 2009.

For more information on evaluation of budget support, see 4.1.2.

#### **Green paper on the future of EU budget support to third countries**

In October 2010, the European Commission adopted a Green Paper on the future of EU budget support to third countries<sup>96</sup>. It identified issues and questions around a series of themes: political governance and the role of political dialogue, policy dialogue, the role of conditionality, links to performance and results, domestic and mutual accountability, programming of budget support and its coherence with other instruments, strengthening risk assessment and dealing with fraud and corruption, budget support in situations of fragility, growth, fiscal policy and mobilisation of domestic revenues.

The Commission also organised several consultation events to collect contributions from stakeholders. At the same time, it worked with budget support experts from Member States to develop proposals on a more coordinated EU approach as requested by development ministers in November 2009<sup>97</sup>.

The results of the consultation, together with results from external evaluations, analytical studies and the recommendations on a more coordinated EU approach, will provide input for a new communication on how budget support can contribute more effectively to the development objectives of partner countries.

#### **Public finance management**

Having a credible and relevant public finance management reform programme in place or under implementation is an eligibility condition for budget support. This condition must then remain in place during the life cycle of the budget support programme.

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<sup>96</sup> COM(2010)586 final, 19.10.2010

<sup>97</sup> 15919/09, 13.11.2009

The key diagnostic tool used by the Commission to assess PFM eligibility for budget support is the public expenditure and financial accountability (PEFA) methodology. PEFA is a multi-donor partnership programme established, sponsored and supervised by the World Bank, the IMF, the European Commission, and four bilateral donors. The PEFA methodology identifies the critical dimensions of performance of an open and orderly PFM system as follows: (i) credibility of the budget, (ii) comprehensiveness and transparency, (iii) policy-based budgeting, (iv) predictability and control in budget execution, (v) accounting, recording and reporting, (vi) external scrutiny and audit.

From June 2005 to the end of 2010, PEFA assessments were undertaken in 122 countries, 63 of them from the ACP region. Almost all countries benefiting from EU budget support had completed a PEFA assessment by 2010. In some countries, repeated PEFA assessments have been carried out.

In 2010, the Commission strengthened its monitoring system to follow up PFM developments achieved by partner governments. New updated guidance for EU Delegations creates a more structured monitoring framework for assessing PFM improvements.

### **Strengthening human resources quality**

To enhance the capacities of European Commission staff to design, implement and monitor budget support programmes, and their ability to take part in related discussions on public finance or macro-economic policies, training courses take place in Brussels and at country level. Courses are open to officials from partner governments and staff from other donor agencies, as well as the EEAS. In 2010, 46 training events were organised for 2 600 participants in areas such as: (i) dialogue on national and sector development policies, (ii) performance measurement, (iii) budget support methodology, (iv) macroeconomic programming, (v) public finance management, (vi) fiscal management, and (vii) debt management.

### **The Commission response to the financial crisis: Vulnerability FLEX**

The Communication of 8 April 2009<sup>98</sup> sets out the overall strategy to support low-income countries (LICs) affected by the crisis. As part of that strategy, the Commission established the Vulnerability Flex (V-FLEX) mechanism in August 2009. Its main objective is to help ACP countries faced with a fall in revenue to maintain the level of priority public expenditure (health, education, key infrastructure). V-FLEX resources go to countries that have the right policies in place, but face a fiscal shortfall as a result of the crisis and where EU support can make a difference.

As a result of the crisis, LICs saw the sharpest decline in their economic growth rate for the last four decades. Along with the drop in growth, fiscal and current account deficits widened and public debt ratios increased. As a consequence of the major economic slowdown, the World Bank has estimated that an additional 64 million people will have been pushed into extreme poverty by the end of 2010.

From the €500 million V-FLEX budget, €236 million were disbursed in 2009 and a further €173 million in 2010. The remaining amount will be disbursed in 2011.

<sup>98</sup> COM(2009)160 final

V-FLEX supports a counter-cyclical approach (in contrast to past crises when fiscal discipline was tightened) as part of an IMF-led coordinated international response to the crisis. The counter-cyclical approach has been an important factor in limiting the impact of the crisis in LICs.

Moreover, the composition of spending improved in favour of the social sectors and public investment. According to budget outturn numbers, health and education spending increased in real terms in 20 of the 29 low-income countries in Sub-Saharan Africa in 2009. Government capital spending also seems to have held up and even increased in real terms in more than half the countries in the region.

#### 4.2.3. *Blending of grants and loans*

The EU is the leading donor worldwide and is committed to increase its external aid effectiveness and donor coordination amid growing global needs and challenges. The European Consensus on Development, the European code of conduct and the division of labour between the Commission and EU national aid agencies have paved the way for new partnerships and operating methods amongst EU institutions and Member States.

In this context, loan and grant blending mechanisms have proved to be an effective and efficient way to combine forces and to leverage grant resources so as to enhance support for EU external policies and promote regional initiatives and partnerships. Given today's scarcity of grant resources (made worse by the financial crisis), blending mechanisms can benefit both beneficiaries and donors in helping achieve easier and faster access to financing with high leverage effect and more flexibility to adapt to changing conditions. While optimising financing packages for beneficiaries, blending mechanisms can also be a tool to increase donor cooperation and raise the visibility of European external assistance. This also reinforces the overarching objective of increasing aid effectiveness in line with the Paris Declaration and the Accra Agenda for Action.

Blending mechanisms associate grants from the EU budget, the EDF or voluntary additional contributions from Member States with loans from multilateral European development banks like EIB, EBRD, NIB and CEB, and national development banks or agencies of the Member States. Depending on the regions, they provide a range of products to foster infrastructure investments and to support the private sector, including:

- direct investment grants
- loan-guarantee mechanisms
- risk-capital and structured finance
- technical assistance and preparatory studies
- interest-rate subsidies.

Their governance structures are based on a three-tier architecture agreed between the Commission and the Member States comprising:

- An informal technical advisory body composed of the Commission (which generally chairs it), eligible European finance institutions and, in some cases, regional development banks. The advisory body assesses the eligibility and justification of the grant request.

- A decision-making body (operational board, executive committee), composed of the Commission (chair) and Member States with the participation, as observers, of eligible European finance institutions and, in some cases, regional development banks. The decision-making body decides on grant allocations on the basis of the assessment made by the advisory body.
- A policy body (strategic board, steering committee) composed of the Commission and the Member States with the participation, as observers, of beneficiary partner countries, eligible European finance institutions and, in some cases, regional development banks. The policy body decides on the strategic orientations and priorities of the blending facility concerned.

Since 2007, four loan-grant blending instruments have been set up by the EU:

- The oldest is the EU-Africa Infrastructure Trust Fund (ITF). Created in 2007, the ITF seeks to promote regional integration as part of the EU-Africa partnership on infrastructure by supporting regional or national infrastructure contributing to regional integration in transport, energy, water and information technology. Since its launch, the ITF has been endowed with grants resources worth nearly €393 million (€308.7 million from the EDF and €84 million from the Member States). It has approved grant contributions to 32 projects for a total value of nearly €210 million, leveraging €940 million of loans from European finance institutions to reach a total investment volume of over €2.4 billion.
- The Neighbourhood Investment Facility (NIF) is the biggest. The NIF provides funding to infrastructure investment in transport, energy (with a focus on renewable energy and energy efficiency), water and sanitation, environment and social sectors, as well as to the financial and private sectors, with a focus on SMEs. Since its creation in May 2008, the NIF has been endowed with nearly €308 million in grant resources (€245 million from the EU budget, €62.5 million from the Member States) and has approved grant contributions to 39 projects worth about €277 million, leveraging over €5 billion in loans from European finance institutions for a total investment effort of more than €10 billion. An additional €450 million in grant funding from the EU budget is programmed for 2011-2013.
- The Latin America Investment Facility (LAIF) and the Investment Facility for central Asia (IFCA) are the most recent. These facilities created in 2010 support the regional strategies of the EU in the two regions, with a focus on sustainable energy and the fight against climate change. The LAIF has received nearly €35 million from the EU budget and additional funding of €100 million is programmed for 2011-2013. The IFCA has received €20 million funds from the EU budget and additional funding is foreseen during 2011-2013. In 2010, the LAIF approved five projects for a total grant amount of €21 million and a total investment amount of about €1.1 billion. The IFCA approved a first operational grant of €5 million and a total investment amount of €30 million.

In addition to these facilities, two blending tools, the "pooling mechanisms", have been set up under the ACP-EU energy and water facilities, with a grant contribution from the EDF of €40 million each.

### 4.3. Progress in aid management

#### 4.3.1. Progress on qualitative issues in aid management

##### Methodological work and training

Developing skills and capacities of key actors involved in the design and implementation of EU-funded programmes is essential for improving quality, impact and sustainability. The Commission is investing in capacity-building for its staff and other stakeholders through methodological work and training. In 2010, particular attention was paid to the revision of both project and programme cycle management (PPCM) and budget support guidance. Substantial work was carried out, respectively, in the fields of political dialogue and political economy for the PPCM guidelines and on the annexes on public financial management and macro-economics for the budget support guidance.

Three new documents have been issued in the *Tools and Methods* series:

- Engaging and supporting parliaments worldwide – Strategies and methodologies for EC action in support to parliaments<sup>99</sup>: This document responds to the EU's development policy framework, which requires the Commission to engage with parliaments in partner countries on development policy and support dialogue, and which recommends support for parliaments as part of a larger democratic governance agenda. It should be seen as a practical contribution to increase efforts to work with parliaments and to strengthen the quality of the Commission's work in this area.
- Water sector development and governance: Complementarities and synergies between sector-wide approach and integrated water resource management<sup>100</sup>: The purpose of this document is to highlight common principles and synergies between sector-wide approach and integrated water resource management in order to show how these two processes can make a joint contribution to the development of the sector.
- Sector approaches in agriculture and rural development – short version<sup>101</sup>: As awareness of its contribution to poverty reduction increases, agriculture and rural development is again becoming central to national and international development agendas. Commission support for these sectors has increased substantially. This reference document offers guidance on how to introduce the necessary flexibility in the use of sector approaches in agriculture and rural development and on how this may benefit sector development and outcomes.

EuropeAid provides training and learning events in various areas related to the design and implementation of EU assistance. One aim is to progressively improve the dialogue with partners, the context analysis and the choice of the aid modalities.

In 2010, over 2 300 participants attended more than 115 sessions of methodological courses held in Brussels and in various partner countries. Seminars on anti-corruption, hot topics in agriculture, value chain and transport were also organised as well as workshops on sector approaches on energy.

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<sup>99</sup> <http://capacity4dev.ec.europa.eu/article/engaging-and-supporting-parliaments-worldwide>

<sup>100</sup> [http://ec.europa.eu/europeaid/infopoint/publications/europeaid/documents/176a\\_water\\_dev\\_en.pdf](http://ec.europa.eu/europeaid/infopoint/publications/europeaid/documents/176a_water_dev_en.pdf)

<sup>101</sup> [http://ec.europa.eu/europeaid/infopoint/publications/europeaid/documents/150abis\\_en.pdf](http://ec.europa.eu/europeaid/infopoint/publications/europeaid/documents/150abis_en.pdf)



In 2010, the Commission continued its active involvement in the joint donor's competence development network, known as Train4Dev, which it chaired in 2008-2010. Train4Dev sets out to promote the goals of the Paris Declaration through joint learning events addressed mainly to donors' staff.

### **Quality of design**

The Commission developed and is constantly improving a structured system to screen and support the quality of operations at design stages – identification and formulation – based on a peer review by the office Quality Support Groups. The aim is to ensure that effective and efficient support is provided to EU Delegations and headquarter units which manage operations. In 2010, 168 meetings took place which conducted 834 quality reviews at either the identification stage or the formulation stage of project design.

At the start of the year, a new set of rules for these reviews was introduced which simplified templates and focused on the essential elements for well-designed operations based on the experience of practitioners and stakeholders. The transition to the improved system was managed smoothly and has been welcomed by users.

In parallel, the Commission is working on new IT architecture called the Project Cycle Management Platform to facilitate access to project data and lessons learnt, as well as allow interaction between staff in charge of project/programme design, implementation and evaluation. Better on-line tools should lead to better use of human resources.

#### *4.3.2. Simplification of procedures*

In May 2010, the Commission adopted a proposal for revising the EU Financial Regulation. The intention is to simplify procurement and grants procedures for implementing assistance programmes and projects. The proposal also reviews the so-called management modes by which the Commission delegates the execution of the implementation of EU funds to beneficiary countries, international organisations, national agencies, etc. A new regulation is expected to be adopted by mid-2012.

The proposal reduces the existing five management modes to just two: *direct management* when funds are managed by the Commission and *indirect management* when EU funds are managed by, and therefore delegated to, a partner (e.g. a Member State, beneficiary country, international organisation). The conditions for indirect management will be roughly the same, regardless of the type of entity managing the EU funds.

The proposal also creates new tools for more efficient and effective delivery of EU aid, such as the possibility for the Commission to establish EU trust funds, like those already used by other organisations including the World Bank and the UN. EU trust funds would only be for emergency aid and thematic actions.

For its part, the Commission radically simplified its operational procedures in 2010. More flexibility was introduced into the "PRAG", the Commission's practical guide to contracts procedures for EU external actions. Most importantly, the financial guide of the EU budget and about 20 instruction notes on procedural and financial issues were merged into a new single manual called the "DEVCO Companion". The Companion explains from A to Z the internal financial and contractual procedures to be applied by the Directorate-General for Development and Cooperation - EuropeAid and EU Delegations.

#### 4.3.3. *Cooperation with international organisations and other donors*

Cooperation and partnership with the UN and the World Bank Group remained significant in 2010, with contributions amounting to €597 million to the UN and €192 million to the World Bank. The UN and the World Bank work with the Commission to support programmes in areas such as election monitoring and assistance, institution building, rehabilitation, rural development, education and health. Cooperation with the UN and the World Bank Group makes more and bigger projects possible, with positive impact on beneficiaries and on effective and efficient aid delivery. By working with these partners, the Commission has benefited from their expertise and experience and from synergies created.

EU financial regulations allow EU funds to be managed by international organisations in accordance with their own procedures. The Commission checks that these procedures meet international standards, and has the right to verify (by on-the-spot checks if necessary), that the funds have been correctly managed. This robust framework is complemented by monitoring individual projects and results-oriented reporting.

The Commission also works closely with the EIB and regional development banks such as the European, African, Asian and Inter-American development banks. This covers different aspects from policy dialogue to joint programmes, and involves areas like the financial sector, infrastructure, rural development, education, debt relief and results measurement.

More information on the political aspects of the Commission's cooperation with international organisations is provided in section 1.3.2.

#### **The United Nations**

The European Commission and the UN work together in over 100 countries. In 2010, they continued to streamline the way they work under their 2003 financial and administrative framework agreement. The annual meeting resulted in improvements to the planning and conduct of EU verification missions to UN-implemented projects. Revised guidelines for reporting were agreed in December for implementation on a trial basis.

In 2010, the UN-European Commission Partnership Report<sup>102</sup>, produced by the UN with Commission support, showcased the results of the partnership between the UN and the European Union. This fifth report gives details of joint actions with a wide array of examples spanning the globe: from mine clearance in Albania to hygiene improvements in Uganda.

During the year, the European Court of Auditors carried out the second part of its performance audit on EU assistance implemented through UN bodies. This phase examined the effectiveness of the aid and whether objectives were achieved in an efficient and sustainable way. The report was due to be adopted at the beginning of 2011.

The UNDP remains the Commission's main partner on major rehabilitation and reconstruction programmes. Election support is another area where the Commission and UNDP continue to cooperate. The Commission has also worked with the UN on improving standards in the fishery and textile sectors in Asia, through partnership with UNIDO (UN Industrial Development Organisation), strengthening the education sectors in Somalia and

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<sup>102</sup> The report, entitled "Improving Lives – Results of the partnership between the United Nations and the European Union in 2009" is available at <http://www.unbrussels.org/>

Zimbabwe with UNICEF, and election monitoring in Guinea with UNOPS (UN Office for Project Services).

### **The World Bank Group**

The European Union remains a major donor to trust funds managed by the World Bank Group, with an average contribution of €410 million per year since 2001. Cooperation between the Commission and the World Bank Group has proved particularly important when dealing with a number of natural or man-made disasters and in post-crisis situations. This is where the World Bank's ability to manage large multi-donor trust funds allows it act fast to mobilise a critical mass of resources. In 2010, the Commission and the WBG continued to work together to assist in the economic and social recovery of conflict-affected regions in Pakistan, the Philippines, Georgia, Afghanistan and Iraq and to support post-disaster recovery operations in Indonesia, Pakistan and Jamaica. Cooperation with the WBG has also continued to support global initiatives like the response to major pandemics (as with the Avian and Human Influenza Facility and the Global Fund to fight aids, tuberculosis and malaria) or to mitigate the effects of the financial and food crises. World Bank Group expertise has been particularly valuable for budget support, public finance management, debt reduction and private sector development.

The trust fund and co-financing framework agreement signed in 2009 has helped simplify negotiations for Commission contributions to WBG-administered trust funds. It ensures consistency, more transparency and sound management of EU money while raising EU visibility. The framework agreement was reviewed by both sides, one year after signature. These annual meetings provide a useful forum to address administrative and operational issues and explore new opportunities for cooperation. Coordination also takes place at the regional and in-country level. Operational relations between EU delegations and WBG country offices reinforce the frequent contacts at headquarter level.

### **OECD**

The satisfactory cooperation between the Commission and the OECD continued on the basis of a 2006 framework agreement, which is currently under review.

In 2010, the Commission was active in the preparations for the fourth high-level forum (HLF IV) on aid effectiveness in Busan in 2011.

### **Council of Europe**

The total value of EU joint projects with the Council of Europe is about €64 million. The Commission and the Council of Europe work together in areas like human rights and fundamental freedoms, rule of law, legal cooperation, democracy and good governance, intercultural dialogue and cultural diversity, education and social cohesion. A framework agreement, in place since 2004, covers financial cooperation. It was reviewed in 2010 and found to be operating satisfactorily. An important example of cooperation with the Council of Europe is the €4 million eastern partnership facility, which supports Council of Europe involvement in operations related to platforms one (democracy, good governance and stability) and four (contacts between people) of the eastern partnership. It was signed in December 2010.

The Commission has also launched an evaluation of its external cooperation with partner countries through the Council of Europe. The main objectives are to provide the Commission and the wider public with an overall independent and accountable assessment of its past and current cooperation. The evaluation will identify key lessons and thus provide policy-makers and managers with a valuable aid for evidence-based decision-making, and for planning, designing and implementing EU policies. The evaluation is expected to be finalised by the end of 2011.

### **Other international organisations**

In 2010, cooperation between the EU and the OSCE continued both centrally and between OSCE field offices and EU delegations. Good coordination efforts and financial support ensured efficient implementation of several EU and OSCE programmes.

The International Organisation for Migration (IOM) continued to be an important partner for the Commission, in particular in implementing election observation missions where it has developed a specific expertise, but also in terms of migration policy, border management and police reform. Discussions on a framework agreement with the IOM are under way.

The Commission contributes to technical assistance and training activities provided by the International Monetary Fund in the areas of financial sector stability, macroeconomic, fiscal, monetary and exchange rate policies, and in the enhancement of macroeconomic and financial statistics. Such cooperation has been greatly facilitated by the conclusion in January 2009 of a framework agreement, setting the terms and conditions for Commission contributions to trust funds administered by the IMF.

Coordination with international organisations and other donors is crucial and is in line with the EU's strong commitment to the Paris Declaration on aid effectiveness. To this end, the Commission takes part in, and co-funds, several sectoral initiatives related to agriculture, rural development and livestock, aimed at ensuring that the needs of the rural poor and the food-insecure feature prominently on international agendas. The global donor platform on agriculture and rural development made an important contribution to the Accra high-level forum in 2008 and it continues its active participation in the OECD working party on aid effectiveness and the associated joint ventures.

### **4.4. Visibility and communication**

Providing public information on the achievements and challenges of the EU's development assistance is vital, particularly at times of economic and budgetary constraint.

Reaching EU citizens via the press, information campaigns and other events showed good results in 2010. The Commission ran journalist seminars to help them report on aid and development issues. A press trip to Rwanda was organised on the occasion of a visit there by the Commissioner for Development. The Commission reached out directly to journalism students through the *Young Reporters Against Poverty*<sup>103</sup> competition. The competition attracted entries from across the EU, with finalists reporting from the European Development Days in Brussels. The winners of the competition will visit Africa and report on their

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<sup>103</sup> <http://platform.youngreporters.net/>

experiences and impressions. Another method of engaging young people in development issues was through the second edition of the *Music Against Poverty*<sup>104</sup> contest.

The EU Development Days again provided an opportunity to inform stakeholders and communicators on actions taking place and results obtained. This focus on results was reinforced by the continued expansion of the Commission's database of operational case studies from around the world.

A major 2010 information product was a brochure on the EU's contribution to the Millennium Development Goals. Produced ahead of the September summit on MDGs, it was distributed to the general public, with a multi-media version available on-line<sup>105</sup>.

The number of visitors to the External Cooperation Info Point in Brussels rose again in 2010 to more than 8 000. It organised group visits, a regular series of conferences, film screenings, exhibitions and other events.

## 5. FINANCIAL ANNEXES

### 5.1. Introduction to financial tables

This Annual Report provides an overview of policies, objectives and achievements in 2010. The tables and graphs which follow present the main data on development assistance in 2010 by country, region, or sector and per source of funding, such as the different instruments of EU external assistance.

The geographic cooperation with the ACP countries, is based on the Partnership Agreement with the ACP signatory states and is mainly financed, South Africa excepted, from the European Development Fund which is separate from the EU budget. External assistance for other geographic areas and the thematic programmes with worldwide coverage are financed from the general EU budget.

Data for 2010 again show improved overall Official Development Assistance (ODA) levels.

**Figure 5.1** shows the importance of external assistance in the overall expenditure of the European Commission. Defined as the resources used to foster programmes and projects outside the EU, external assistance accounted for 9% of the total allocation in 2010 (general EU budget and EDF taken together).

A global overview of the share of resources is given in **Figure 5.2**. A detailed breakdown of the budget by policy areas can be found in **Table 5.3**. A similar breakdown for the EDF is presented in **Table 5.4**.

The concept of ODA used throughout the tables and figures is that defined by the OECD's Development Assistance Committee (DAC). The figures are those reported by the European Commission and Member States. Not all EU external assistance can be reported as ODA. Whether an action, programme or project is classified as ODA or not depends on the recipient country and the purpose and content of the aid. **Figure 5.5** shows the share of the EU's

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<sup>104</sup> <http://www.ifightpoverty.eu/act/music-contest>

<sup>105</sup> <http://ec.europa.eu/europeaid/what/millennium-development-goals/e-booklet/index.html>

external assistance classified as ODA. In all, 96% of EU aid committed in 2010 is considered reportable as ODA, indicating an increased focus on development in external financial allocations.

**Figures 5.6 and 5.7** show the evolution from 2001 to 2010 of external assistance and ODA. **Figure 5.6** shows the evolution of the main sources of funding: external assistance from the EU Budget and EDF, indicating the share managed by EuropeAid. **Figure 5.7** shows the evolution of the sector breakdown of ODA.

**Figure 5.8** and **Table 5.9** present the breakdown per region and per country. For this breakdown, it is necessary to differentiate between bilateral and multilateral aid. Bilateral aid, as defined by the DAC, is direct cooperation by the Commission with a country (or region) where the Commission controls the activities and knows how, when and where the resources are being spent. Multilateral aid comprises direct contributions to the core funding of multilateral agencies, who report back to the Commission at a later stage on how the money was spent.

**Figure 5.8** provides a breakdown of EU ODA per region. Africa continues to top the list (38% of ODA) with, Sub-Saharan Africa receiving 33% of total ODA in 2010.

A more detailed breakdown, per country and region, in line with the OECD/DAC recipient list, is presented in **Table 5.10** (Commitments) and **Table 5.11** (Disbursements).

Leaving aside regional programmes, the top ten ODA recipient countries in 2010 were occupied Palestinian territory, Democratic Republic of Congo, Turkey, Serbia, Afghanistan, Sudan, Haiti, Kosovo, Ethiopia and Morocco.

**Figure 5.12** focuses on ODA recipients classified under the four UN/OECD categories based on GNI. The table monitors disbursements in 2010 by DAC recipient and by main OECD sectors. One indicator shows ODA disbursement per capita.

It is also important to identify the main sectors of activities that receive support. **Table 5.13** shows this breakdown of EU ODA per main sector as defined by the DAC.

A more detailed sector breakdown of ODA is provided in **Table 5.14** for commitments and in **Table 5.15** for payments.

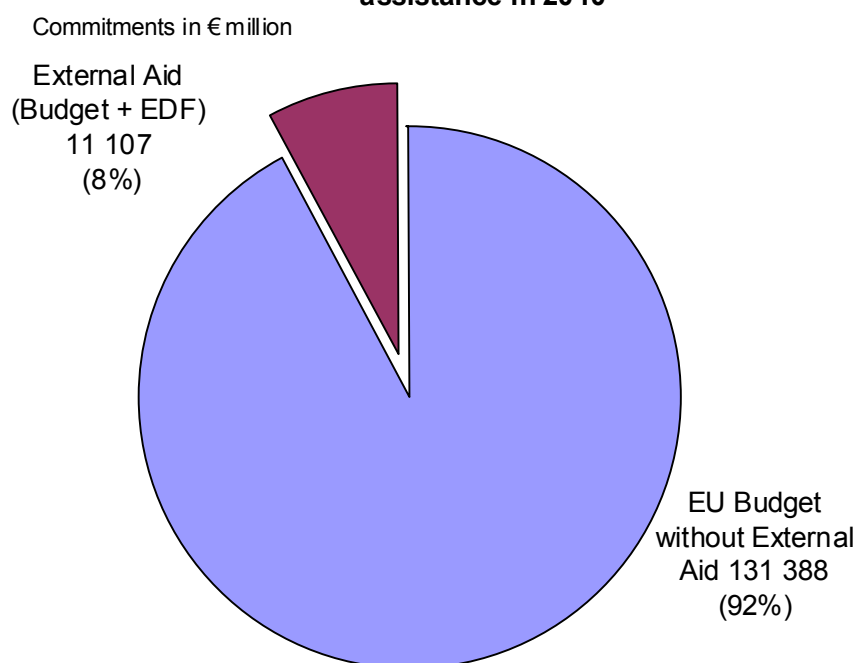
**Tables 5.16 and 5.17** give an overview of the ODA managed by EuropeAid, with a breakdown per sector and region. In this table, the definition of region reflects the country groupings used in the EU instruments and corresponding budget structure.

**Tables 5.18 and 5.19** show the sector breakdown of ODA per EU external assistance instrument and sub-component within the instruments, with the associated **Figure 5.20** providing a closer look.

Finally, **Table 5.21** focuses on budget support commitments 2010 by EU instruments.

## 5.2. Financial tables

**Table 5.1 Percentage of EU Budget managed by the Commission committed on external assistance in 2010**

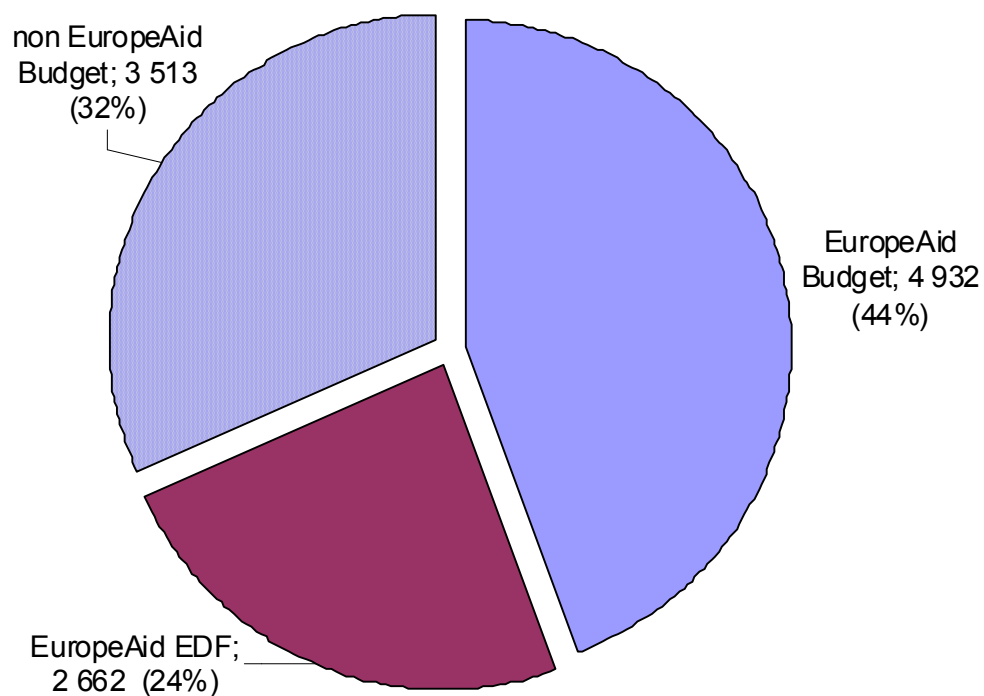


**Commitments in € million**

EU Budget without External Aid	131 388 M€
External Aid (Budget + EDF)	11 107 M€
EU Budget + EDF	142 495 M€

**Table 5.2 Sources of external assistance in 2010**

Commitments in € million



**Commitments ( € Million )**

EuropeAid Budget	4 932 M€
EuropeAid EDF	2 662 M€
<u>non EuropeAid Budget</u>	<u>3 513 M€</u>
External Aid (Budget + EDF)	11 107 M€



**Table 5.3 General EU budget for external assistance in 2010**

Heading / Policy Area	Description	Total		Managed by EuropeAid		Managed by other DG's		of which ODA	
		Commit.	Disbursements (1)	Commit.	Disbursements (1)	Commit.	Disbursements (1)	Commit.	Disbursements (1)
4 01 - ECFIN	Macroeconomic assistance + EBRD	183.91	195.09			183.91	195.09	90.10	101.23
4 04 - EMPL	Instrument for Preaccession (IPA) — Human resources development	87.50	3.19			87.50	3.19	87.50	3.19
4 05 - AGRI	The Sapard pre-accession instrument — Completion of the programme (2000 to 2006)	175.03	19.62			175.03	19.62	169.80	14.39
4 06 - ENERGY	Completion of Intelligent energy — Europe programme (2003 to 2006): external strand — Cooperer	3.19	4.10			3.19	4.10	3.19	4.06
4 07 - ENV	LIFE (European Financial Instrument for the Environment)	3.06	3.74			3.06	3.74	2.17	2.79
4 13 - REGIO	Pre-accession IPA and former ISPA	359.61	458.13			359.61	458.13	359.61	89.61
4 14 - TAXUD	Customs cooperation and international assistance	1.95	1.35			1.95	1.35	0.38	0.15
4 9+15 - EAC	Education, MEDIA 2007 programmes in third countries	27.64	27.48			27.64	27.48	18.83	19.30
4 17 - SANCO	International agreements and membership of international organisations	0.41	0.39			0.41	0.39	0.16	0.16
4 19 - RELEX	Multilateral relations, cooperation in the areas of migration and asylum, and general external relations matters	53.08	50.23	53.08	50.23			53.08	45.16
4	Common foreign and security policy	287.05	255.93			287.05	255.93	213.98	203.90
4	European initiative for democracy and human rights (EIDHR)	156.71	151.76	156.71	151.76			156.71	146.33
4	Relations and cooperation with industrialised non-member countries	23.72	20.24			23.72	20.24		
4	Crisis response and global threats to security	296.56	242.48	132.83	120.87	163.73	121.61	255.45	188.87
4	European Neighbourhood Policy and relations with Russia	1 763.65	1 469.98	1 763.65	1 469.98			1 694.66	1 367.95
4	Relations with Latin America	355.19	287.15	355.19	287.15			355.19	281.17
4	Relations with Asia, Central Asia and East of Jordan countries (1)	867.90	678.21	867.90	678.21			862.26	664.35
4	Policy strategy and coordination for external relations policy area	31.21	35.09	15.85	13.91	15.36	21.18	18.98	17.88
4 20 - TRADE	External trade relations	11.03	9.37			11.03	9.37	3.18	1.32
4 21 - DEV	Food security	388.02	536.37	388.02	536.37			388.02	536.37
4	Non-State actors in development	220.34	250.46	220.34	250.46			220.34	249.55
4	Environment and sustainable management of natural resources, including energy	201.06	105.05	201.06	105.05			199.09	102.92
4	Human and social development	150.64	131.12	150.64	131.12			150.64	129.73
4	Geographical cooperation with ACP Countries	295.26	253.97	295.26	253.97			295.26	253.97
4	Other cooperation actions and ad-hoc programmes	30.75	29.20	28.15	26.60	2.60	2.60		
4	Policy strategy and coordination for Development and relations with ACP States policy area	19.20	15.79	9.58	8.85	9.62	6.94	19.20	15.68
4 22 - ELARG	Management of the Instrument for Pre-Accession	916.51	1 004.69			916.51	1 004.69	905.22	794.09
4	Information and communication strategy	15.07	12.17			15.07	12.17		
4 23 - ECHO	Humanitarian aid including aid to uprooted people, food aid and disaster preparedness	1 029.10	941.94			1 029.10	941.94	1 027.10	940.37
4+5	Administrative expenditure of External assistance (2)	490.41	560.21	293.82	364.00	196.60	196.20	462.23	531.35
<b>TOTAL</b>		<b>8 444.78</b>	<b>7 754.50</b>	<b>4 932.08</b>	<b>4 448.52</b>	<b>3 512.70</b>	<b>3 305.98</b>	<b>8 012.35</b>	<b>6 705.83</b>

(1) Before recoveries

(2) Includes administrative cost of EDF management charged to heading 5.

Total ODA (Budget + EDF) administrative cost (from headings 4 & 5 and EDF administrative envelope) shown in tables 5.14 & 5.15

Breakdown by budget line of external aid financed on the general Commission budget in 2010 (Amount in € million).

**Table 5.4 European Development Fund (EDF) in 2010**

Instruments (1)	Of Which ODA			
	Commitments (2)	Disbursements (3)	Commitments (2)	Disbursements (4)
<b><u>Lomé</u></b>				
NIP / RIP Grants	-	95	-	95
Aid for Refugees	-	0	-	0
Stabex	0	46	0	46
SYSMIN	-	1	-	1
Heavily indebted poor countries	-	14	-	14
Use of interest (Lomé)	-	0	-	0
Transfer 6th EDF	-	2	-	2
Transfer 7th EDF	-	16	-	16
<b>Total Lomé</b>	<b>0</b>	<b>174</b>	<b>0</b>	<b>174</b>
<b><u>Cotonou</u></b>				
A Envelope - Programmable Aid	1 305	1 896	1 293	1 866
Envelope B - unforeseen	500	524	496	524
Regional projects	203	105	203	102
Intra ACP	647	533	647	449
Co financing A Envelope	-	-	-	-
Other	-	3	-	3
Implementation expenditure + Congo Rep. Dem.	8	85	7	85
<b>Total Cotonou</b>	<b>2 662</b>	<b>3 147</b>	<b>2 646</b>	<b>3 029</b>
<b>Grand total EDF</b>	<b>2 662</b>	<b>3 321</b>	<b>2 646</b>	<b>3 203</b>

Breakdown by instrument of development assistance financed on the European Development Fund (EDF) in 2010 (amount in € million).

(1) Except The Investment Facility (10th EDF) managed by the EIB

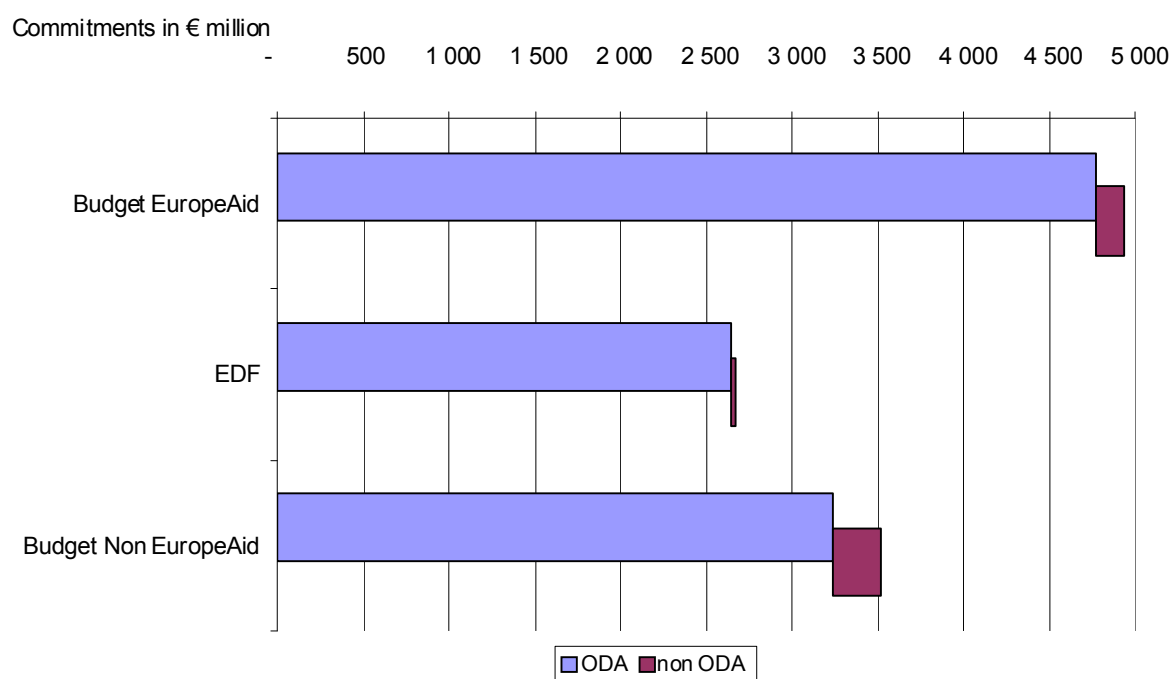
(2) Commitments 2009 have been calculated following DAC procedures :

Total commitments made in 2010 reduced by decommitments made on projects committed in 2010

(3) Before recoveries

(4) Before recoveries - Including EDF contribution to common administrative support expenditure also included in Budget figures (Table 6.3)

**Table 5.5 Proportion of external assistance used for Official Development Aid (ODA)**

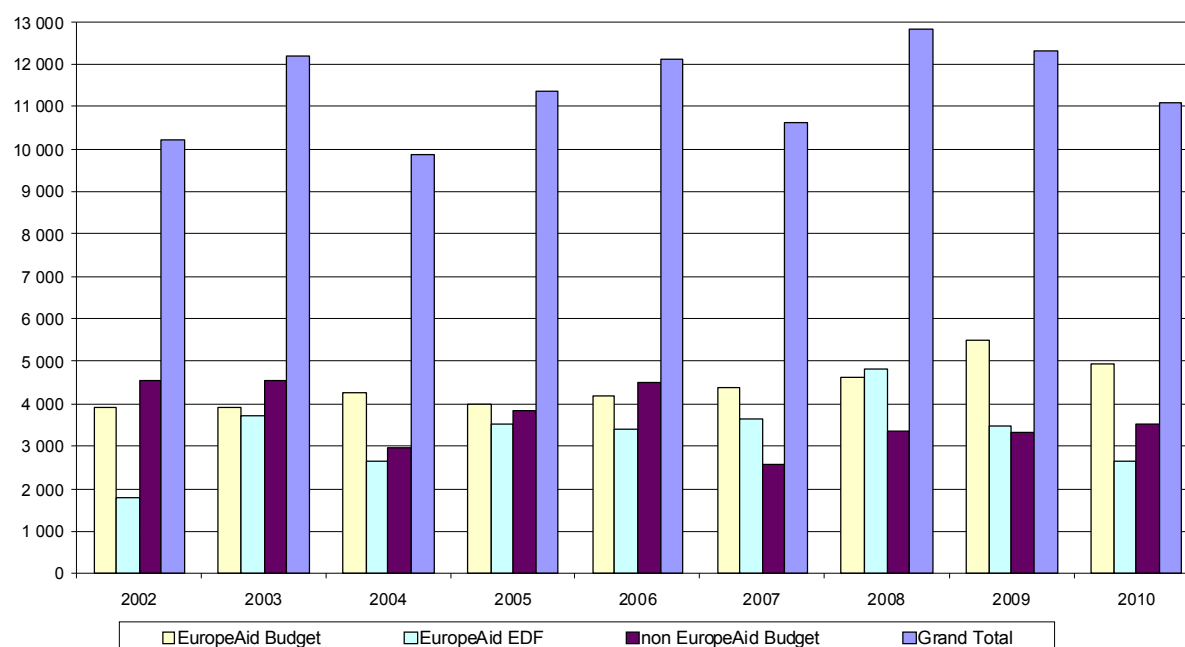


**Commitments in € million**

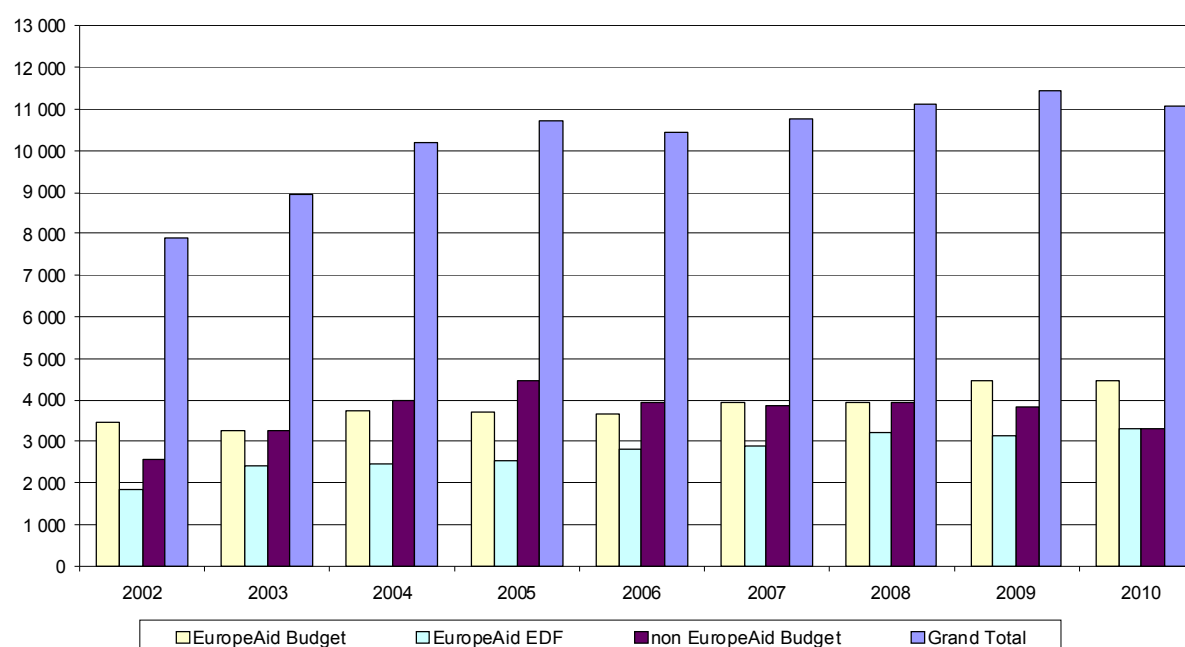
	ODA	non ODA	Total
Budget EuropeAid	4 772	160	4 932
EDF	2 646	16	2 662
Budget Non EuropeAid	3 240	272	3 513
Total	10 658	449	11 107

**Table 5.6 2001- 2010 external assistance**

**Commitments in € million**



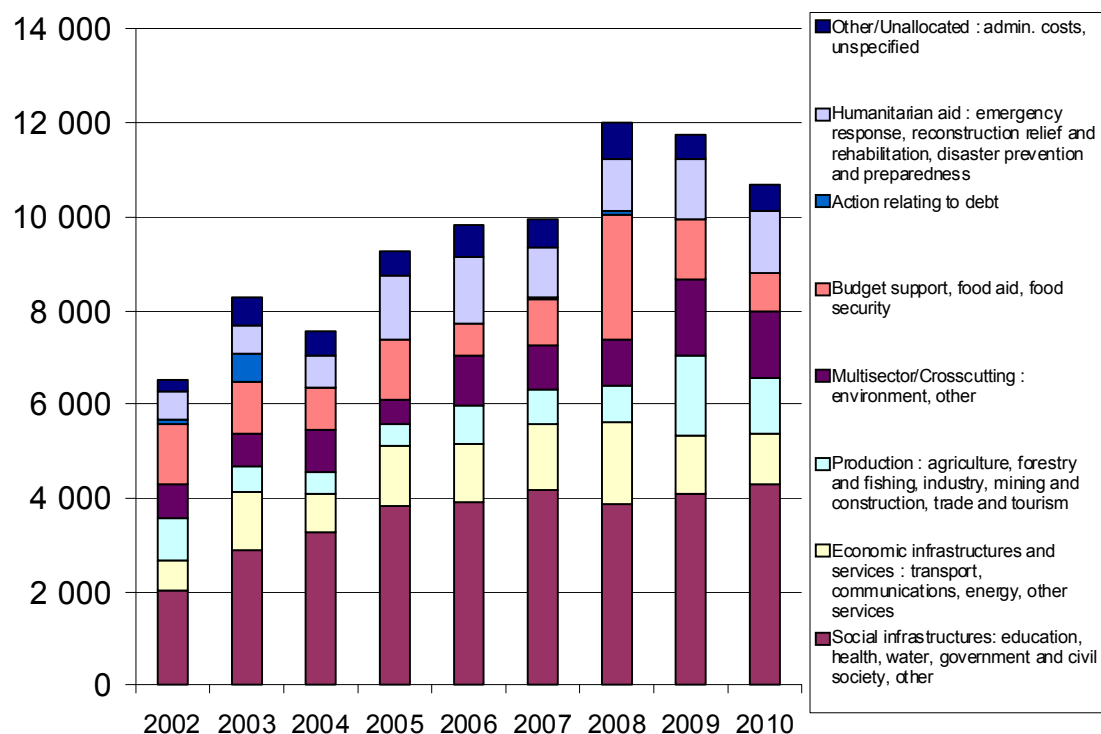
**Disbursements in € million**



External aid financed on the general EU Budget and the European Development Fund (EDF) managed by EuropeAid  
Bilateral and multilateral ODA / other flows

**Table 5.7 Sectoral breakdown of Official Development Assistance (ODA) 2002 - 2010**

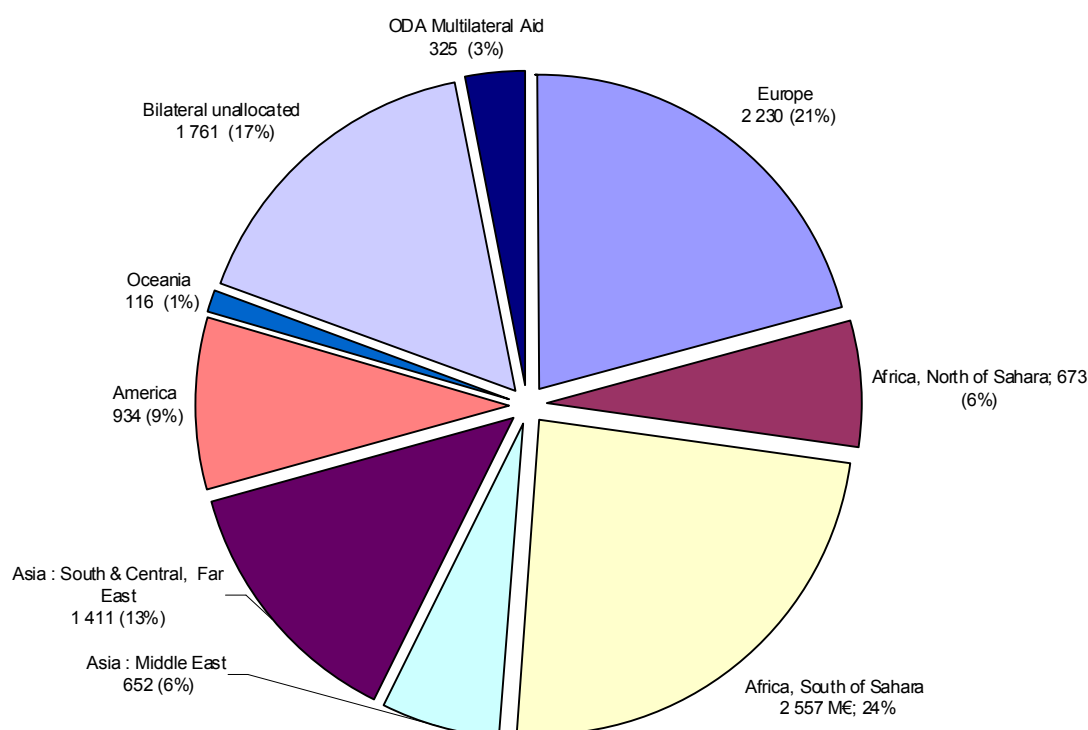
Commitments in € million



Bilateral and multilateral ODA flows

**Table 5.8 Regional distribution of aid to developing countries (ODA) in 2010**

Commitments in € million



( € Million )	Grand total		Managed by EuropeAid		Managed by Other DG's	
	Commitments	Disbursements	Commitments	Disbursements	Commitments	Disbursements
Europe	2 230	1 507	454	328	1 776	1 179
Africa, North of Sahara	673	537	663	527	10	10
Africa, South of Sahara	2 557	3 624	2 101	3 147	456	477
Asia : Middle East	652	596	537	476	115	120
Asia : South & Central, Far East	1 411	1 249	989	891	422	358
America	934	973	744	827	190	147
Oceania	116	91	114	90	2	1
Bilateral unallocated	1 761	1 084	1 494	891	267	193
ODA Multilateral Aid, Total	325	179	323	177	2	2
<b>TOTAL ODA</b>	<b>10 658</b>	<b>9 841</b>	<b>7 418</b>	<b>7 354</b>	<b>3 240</b>	<b>2 487</b>

(1) Following OECD region

See table 5.10 "Country breakdown of EU Development Aid in 2010"

**Table 5.9 Regional distribution of aid to developing countries (ODA) 2005-2010**

**Commitments in € million**

	2005	2006	2007	2008	2009	2010
Europe	1 144	1 532	1 565	2 093	2 030	2 230
Africa	4 143	3 806	3 687	5 272	4 577	3 230
North of Sahara	503	543	521	546	618	673
South Of Sahara	3 640	2 867	3 113	4 726	3 929	2 500
Regional	1	396	53	-	30	57
America	605	759	820	642	899	934
North & Central	331	505	387	329	621	609
South	211	214	334	312	260	257
Regional	62	40	100	2	19	68
Asia	1 641	1 852	1 728	1 946	2 043	2 063
Middle East	420	587	743	735	669	652
South & Central	858	831	739	886	1 024	948
Far East	214	347	164	233	295	363
Regional	149	88	81	91	56	99
Oceania	87	32	141	19	89	116
Bilateral unallocated	1 189	1 245	1 586	1 586	2 000	1 761
ODA Multilateral Aid, Total	479	605	431	366	125	325
<b>TOTAL ODA</b>	<b>9 287</b>	<b>9 832</b>	<b>9 959</b>	<b>11 923</b>	<b>11 764</b>	<b>10 658</b>

**Disbursements in € Million**

	2005	2006	2007	2008	2009	2010
Europe	780	1 069	1 062	1 242	1 720	1 507
Africa	3 161	3 341	3 779	4 003	4 111	4 161
North of Sahara	559	658	692	570	610	537
South of Sahara	2 602	2 683	3 024	3 433	3 478	3 563
Regional	0	0	63	1	23	61
America	645	666	776	769	809	973
North & Central	305	365	454	415	441	666
South	233	246	275	314	348	287
Regional	107	56	47	40	20	21
Asia	1 484	1 596	1 496	1 850	1 854	1 845
Middle East	420	494	574	709	617	596
South & Central	661	699	604	858	908	935
Far East	257	295	263	250	266	267
Regional	147	108	55	33	63	47
Oceania	73	64	52	65	59	91
Bilateral unallocated	846	790	856	1 025	955	1 084
ODA Multilateral Aid, Total	508	602	472	239	292	179
<b>TOTAL ODA</b>	<b>7 497</b>	<b>8 130</b>	<b>8 493</b>	<b>9 194</b>	<b>9 800</b>	<b>9 841</b>

Bilateral and multilateral ODA flows

(1) Following OECD region.

See table 5.10 "Country breakdown of EU Development Aid in 2010".

Table 5.10 Country breakdown of EU development aid in 2010

Commitments (€ Million)

Country/Region	Budget EuropeAid	Budget non EuropeAid	EDF	Grand Total
<b>Part I : Developing Countries &amp; Territories (ODA)</b>				
<b>Europe, Total</b>	<b>454.06</b>	<b>1 775.68</b>		<b>2 229.74</b>
Albania		87.19		87.19
Belarus	13.20			13.20
Bosnia and Herzegovina	0.00	108.43		108.43
Croatia		145.27		145.27
Kosovo (1)		161.26		161.26
fYRoM		90.08		90.08
Republic of Moldova (2)	130.00	90.24		220.24
Montenegro		30.94		30.94
Serbia		185.35		185.35
Turkey		654.00		654.00
Ukraine	151.37			151.37
States of ex-Yugoslavia unspecif.		1.60		1.60
Europe, Regional	159.49	221.32		380.81
<b>Africa, Total</b>	<b>1 014.63</b>	<b>466.46</b>	<b>1 749.38</b>	<b>3 230.47</b>
North of Sahara, Total	663.43	10.00		673.43
Algeria	59.00	10.00		69.00
Egypt	193.50			193.50
Libya	12.00			12.00
Morocco	155.00			155.00
Tunisia	78.93			78.93
North of Sahara, Regional	165.00			165.00
South of Sahara, Total	324.15	456.46	1 719.38	2 500.00
Angola			3.00	3.00
Benin			30.55	30.55
Botswana			10.50	10.50
Burkina Faso		10.50	112.91	123.41
Burundi		7.50	32.62	40.12
Cameroon		1.00	41.50	42.50
Cape Verde	2.00		9.00	11.00
Central African Rep.		5.00	34.15	39.15
Chad		34.52	54.50	89.02
Comoros		2.75	3.58	6.33
Congo, Dem. Rep.		74.56	84.83	159.38
Congo, Rep.	1.23	1.00	0.75	2.98
Cote d'Ivoire	5.23	5.00	20.70	30.93
Djibouti		2.60	4.74	7.34
Equatorial Guinea				
Eritrea		0.00		0.00
Ethiopia	13.70	23.90	69.00	106.60
Gabon			17.10	17.10
Gambia			29.50	29.50
Ghana			35.00	35.00
Guinea			9.95	9.95
Guinea-Bissau		0.63		0.63
Kenya	2.84	24.30	66.40	93.54
Lesotho			63.00	63.00
Liberia		7.00	30.39	37.39
Madagascar		2.75	5.40	8.15
Malawi		2.75	181.50	184.25
Mali		4.00	5.00	9.00
Mauritania		3.22	12.40	15.62
Mauritius	7.67		5.50	13.17
Mayotte				
Mozambique	15.40	2.75	34.17	52.32
Namibia			61.65	61.65
Niger		23.50	47.00	70.50
Nigeria		2.50	92.00	94.50
Rwanda			92.85	92.85
St. Helena				
Sao Tome & Principe				
Senegal			23.20	23.20
Seychelles				
Sierra Leone			80.60	80.60
Somalia		35.71		35.71
South Africa	140.71			140.71



**Table 5.11 Country breakdown of European Commission development aid in 2010**

**Net disbursements (€ Million)**

Country/Region	Budget EuropeAid	Budget non EuropeAid	EDF	Grand Total
<b>Part I : Developing Countries &amp; Territories (ODA)</b>				
Europe, Total	327.62	1 113.11	0.03	1 440.76
Albania	1.50	54.27		55.78
Belarus	11.41	-0.04		11.36
Bosnia and Herzegovina	1.48	77.21		78.69
Croatia	0.50	78.75		79.25
Kosovo (1)	0.78	210.31		211.09
fYRoM	0.98	40.44		41.42
Republic of Moldova (2)	60.85	43.24		104.10
Montenegro		10.33		10.33
Serbia	1.46	216.83		218.29
Turkey	1.70	220.87		222.58
Ukraine	114.74	-0.12		114.62
States of ex-Yugoslavia unspecif.	0.05	0.05		0.10
Europe, Regional	132.16	160.98	0.03	293.17
Africa, Total	1 131.84	483.78	2 419.27	4 034.89
North Of Sahara, Total	471.09	10.00		481.09
Algeria	28.97	9.98		38.95
Egypt	102.02	0.04		102.05
Libya	0.69	0.12		0.80
Morocco	167.95	0.15		168.10
Tunisia	69.76	-0.08		69.69
North Of Sahara, Regional	101.70	-0.20		101.50
South Of Sahara, Total	600.36	472.65	2 419.27	3 492.29
Angola	5.40		12.04	17.43
Benin	0.91	0.01	91.72	92.64
Botswana	-0.21		29.30	29.09
Burkina Faso	15.25	11.44	96.33	123.02
Burundi	11.85	11.91	73.10	96.86
Cameroon	12.24		41.62	53.86
Cape Verde	1.42		26.42	27.84
Central African Rep.	4.69	8.85	50.08	63.62
Chad	6.89	29.29	38.68	74.85
Comoros	0.27	0.55	7.15	7.97
Congo, Dem. Rep.	44.44	65.51	160.31	270.27
Congo, Rep.	3.99	0.01	17.85	21.85
Cote d'Ivoire	6.75	0.18	33.44	40.38
Djibouti	0.43	1.70	5.40	7.53
Equatorial Guinea			0.14	0.14
Eritrea	5.14	0.19	22.22	27.54
Ethiopia	11.03	37.74	128.81	177.58
Gabon	0.24		9.47	9.70
Gambia	0.33		16.62	16.95
Ghana	19.92	0.05	59.41	79.38
Guinea	6.53	0.53	47.42	54.47
Guinea-Bissau	3.45	-0.14	7.49	10.80
Kenya	12.57	38.65	24.80	76.03
Lesotho	0.56	0.01	54.71	55.27
Liberia	5.64	8.41	54.23	68.27
Madagascar	10.11	4.28	13.36	27.75
Malawi	29.01	2.20	123.02	154.23
Mali	6.57	1.75	65.36	73.68
Mauritania	2.58	1.86	14.48	18.92
Mauritius	30.30		19.98	50.28
Mayotte			0.74	0.74
Mozambique	15.16	1.98	126.85	143.99
Namibia	0.59	0.01	7.18	7.79
Niger	10.33	15.33	86.96	112.62
Nigeria	3.09	3.59	37.63	44.31
Rwanda	22.24		56.29	78.52
St. Helena				
Sao Tome & Principe	1.11		3.32	4.42
Senegal	6.31	1.03	51.87	59.21
Seychelles	0.60		2.89	3.49
Sierra Leone	5.62	0.46	53.34	59.42
Somalia	10.63	31.43	52.29	94.35
South Africa	114.39			114.39

Sierra Leone			80.60	80.60
Somalia		35.71		35.71
South Africa	140.71			140.71
Sudan		146.00	0.03	146.03
Swaziland	12.06		21.30	33.36
Tanzania	20.00	7.50	2.00	29.50
Togo	8.20		20.00	28.20
Uganda	1.17	9.51	4.00	14.67
Zambia	5.80		57.10	62.90
Zimbabwe	13.78	16.00	9.00	38.78
South of Sahara, Regional	74.38		201.03	275.40
Africa, Regional	27.05		30.00	57.05
<b>America, Total</b>	<b>487.21</b>	<b>189.74</b>	<b>256.56</b>	<b>933.50</b>
North & Central, Total	186.95	165.45	256.56	608.95
Anguilla				
Antigua & Barbuda			9.00	9.00
Barbados	14.77			14.77
Belize	21.69			21.69
Costa Rica	8.50	0.02		8.52
Cuba	5.00			5.00
Dominica			5.27	5.27
Dominican Republic			99.23	99.23
El Salvador	24.20	3.10		27.30
Grenada			3.50	3.50
Guatemala	22.50	5.18		27.68
Haiti	1.00	151.26	65.60	217.86
Honduras	21.00	3.40		24.40
Jamaica	20.80		17.00	37.80
Mexico	12.30			12.30
Montserrat				
Nicaragua	5.00	2.50		7.50
Panama				
St.Kitts-Nevis	13.64		5.63	19.27
St.Lucia				
St.Vincent & Grenadines			6.69	6.69
Trinidad & Tobago	16.55		16.34	32.89
West Indies, Regional	0.00		28.30	28.30
N. & C. America, Regional				
South, Total	232.34	24.29		256.63
Argentina	22.40			22.40
Bolivia	42.08	1.50		43.58
Brazil	9.99			9.99
Chile		3.77		3.77
Colombia	49.80	12.90		62.70
Ecuador		3.80		3.80
Guyana	18.81	0.01		18.82
Paraguay	4.00			4.00
Peru	8.00	2.01		10.01
Suriname				
Uruguay				
Venezuela		0.30		0.30
South America, Regional	77.27			77.27
America, Regional	67.92			67.92
<b>Asia, Total</b>	<b>1 486.46</b>	<b>537.21</b>	<b>39.00</b>	<b>2 062.68</b>
Middle East, Total	536.57	115.48		652.05
Bahrain				
Iran		6.00		6.00
Iraq	24.20	7.39		31.59
Jordan	71.20	1.00		72.20
Lebanon	44.00	6.40		50.40
Oman				
Occupied Palestinian territory	280.40	60.47		340.87
Syria	50.00	9.21		59.21
Yemen	18.00	25.00		43.00
Middle East, Regional	48.77			48.77
South & Centr. Asia, Total	568.82	379.26		948.08
Afghanistan	170.00	84.61		254.61
Armenia	30.90	0.04		30.94
Azerbaijan	7.00	0.00		7.00
Bangladesh	64.00	23.00		87.00
Bhutan	8.40			8.40
Georgia	40.20	40.48		80.68
India	38.90	3.40		42.30
Kazakhstan	25.01	0.80		25.81
Kyrgyz Rep.	15.00	9.25		24.25

India	38.90	3.40		42.30
Kazakhstan	25.01	0.80		25.81
Kyrgyz Rep.	15.00	9.25		24.25
Maldives				
Myanmar (Burma)	4.00	12.79		16.79
Nepal	30.00	3.00		33.00
Pakistan	19.50	184.26		203.76
Sri Lanka	28.00	10.04		38.04
Tajikistan	30.51	3.50		34.01
Turkmenistan	11.80	0.80		12.60
Uzbekistan	19.10	3.30		22.40
Central Asia, Regional	26.50			26.50
South Asia, Regional				
South & Central Asia, Regional				
Far East, Total	281.96	42.47	39.00	363.43
Cambodia	46.20	1.53		47.73
China	33.61			33.61
Indonesia	73.00	6.20		79.20
Korea, Dem.	11.00			11.00
Laos	9.90	2.53		12.43
Malaysia	5.50			5.50
Mongolia	4.00	2.00		6.00
Philippines	16.50	15.54		32.04
Thailand	2.00	9.93		11.93
Timor-Leste		1.20	39.00	40.20
Viet Nam	62.25	3.53		65.78
Far East Asia, Regional	18.00			18.00
Asia, Regional	99.12			99.12
<b>Oceania, Total</b>	<b>22.20</b>	<b>2.00</b>	<b>91.73</b>	<b>115.93</b>
Cook Islands			0.32	0.32
Fiji	8.00			8.00
Kiribati			4.40	4.40
Marshall Islands				
Micronesia, Fed. Sts.				
Nauru				
Niue				
Palau				
Papua New Guinea		2.00	22.68	24.68
Samoa			9.92	9.92
Solomon Islands	2.80		15.20	18.00
Tokelau				
Tonga			5.71	5.71
Tuvalu			1.50	1.50
Vanuatu				
Wallis & Futuna				
Oceania, Regional	11.40		32.00	43.40
<b>Bilateral unallocated</b>	<b>1 134.79</b>	<b>266.93</b>	<b>359.21</b>	<b>1 760.94</b>
<b>Part I (ODA) Bilateral, Total</b>	<b>4 599.36</b>	<b>3 238.02</b>	<b>2 495.88</b>	<b>10 333.26</b>
Public Private Partnerships				
United Nations	88.14	2.33		90.47
UNRWA	86.00			86.00
UNDP				
WFP				
WHO				
FAO		0.66		0.66
World Bank Group				
World Trade Organisation				
Regional Development Banks	17.00			17.00
Other Multilateral Institutions	67.50		150.00	217.50
GFTAM	50.00		150.00	200.00
Others				
<b>Part I (ODA) Multilateral Aid, Total</b>	<b>172.64</b>	<b>2.33</b>	<b>150.00</b>	<b>324.97</b>
<b>Part I (ODA), Total</b>	<b>4 771.99</b>	<b>3 240.36</b>	<b>2 645.88</b>	<b>10 658.23</b>
<b>Part II: Countries and Territories in Transition (non ODA)</b>				
More Advanced Developing Countries	2.00	40.12	4.30	46.42
Aruba				
Bahamas				
Bermuda				
Brunei				
Cayman Islands				
Taiwan				
Falkland Islands				

Cayman Islands				
Taiwan				
Falkland Islands				
French Polynesia				
Gibraltar				
Hong Kong, China				
Israel	2.00	2.06		4.06
Korea				
Kuwait				
Macao				
Netherlands Antilles				
New Caledonia				
Northern Marianas				
Qatar				
Saudi Arabia				
Singapore				
Turks & Caicos Islands			4.30	4.30
United Arab Emirates				
Virgin Islands (UK)				
MADCT Unallocated		38.06		38.06
CEEC's/NIS	41.66	6.51		48.17
Bulgaria				
Cyprus		3.08		3.08
Czech Republic		0.68		0.68
Estonia				
Hungary				
Latvia				
Lithuania				
Malta				
Poland		0.41		0.41
Romania		0.35		0.35
Russia	23.50	2.00		25.50
Slovak Republic				
Slovenia				
CEECs Unallocated				
CEECs/NIS Unallocated	18.16			18.16
<b>Part II (Non-OA) Bilateral Aid, Total</b>	43.66	46.63	4.30	94.59
<b>EBRD</b>				
<b>Part II (non-ODA) Multilateral Aid, Total</b>				
<b>Part II (non-ODA), Total</b>	43.66	46.63	4.30	94.59
<b>Grand Total Part I &amp; Part II</b>	4 815.65	3 286.99	2 650.18	10 752.82

Breakdown by country/region of external aid financed on the general EU Budget and the European Development Fund (EDF) in 2010

Bilateral and multilateral ODA / non-ODA flows

(1) UNSCR 1244/99

(2) henceforth Moldova

Table 5.12 ODA Recipient by main OECD sector in 2010

Disbursements in € million

	ODA per Capita (Euro / Capita) (1)	Total	Social Infrastructures	Economic Infrastructures & Services	Production	Multisector / Crosscutting	Budget Support, Food Aid, Food Security	Action relating to debt	Humanitarian Aid	Other / Unallocated
<b>Least Developed Countries (LDC)</b>										
Afghanistan	6.85	215.20	124.94	0.58	10.52	28.37	9.63		40.97	0.19
Angola	0.96	18.41	13.44	0.73	2.45	0.39	0.30		1.08	0.01
Bangladesh	0.96	142.42	74.78	0.03	11.78	6.37	29.39		19.56	0.50
Benin	10.47	92.68	24.82	34.76	0.24	6.51	25.97		0.38	0.01
Bhutan	1.86	1.35	0.20		0.55	0.54	0.05		0.01	
Burkina Faso	7.52	123.90	14.46	3.04	10.95	0.91	79.74		14.81	
Burundi	11.82	99.05	19.90	24.90	4.66	0.74	33.57		14.75	0.53
Cambodia	1.46	20.62	11.59	0.45	2.15	2.47	1.05		2.85	0.06
Central African Rep.	14.54	64.00	19.85	16.23	1.58	1.00	17.86		7.33	0.16
Chad	6.85	76.94	31.45	3.14	1.55	3.21	0.70		36.74	0.14
Comoros	10.97	8.06	6.16	1.30		0.03			0.55	0.02
Congo, Dem. Rep.	4.17	275.00	107.42	26.05	13.70	23.64	48.73		54.56	0.90
Djibouti	8.48	7.53	3.44	1.91	0.40	0.07	0.01		1.70	
Equatorial Guinea	0.31	0.22	0.22							
Eritrea	5.33	27.98	5.37	14.30	1.07	0.02	4.73		2.48	
Ethiopia	2.17	180.20	43.79	70.12	2.45	1.64	21.60		40.56	0.04
Gambia	9.91	17.12	1.91	12.79	0.31					2.11
Guinea	5.46	54.51	21.77	29.83	1.29	0.14			1.19	0.29
Guinea-Bissau	8.29	12.55	8.82	1.84	0.43	0.77	0.52		0.18	
Haiti	21.48	214.62	15.95	10.82	3.45	2.41	62.16		118.92	0.90
Kiribati	6.01	0.60	0.60							
Laos	1.94	12.04	4.21	0.01	2.28	0.43	2.69		2.39	0.03
Lesotho	25.83	56.09	17.03	3.84		0.01	35.19		0.01	
Liberia	17.18	68.62	11.16	34.73	2.28	0.35	9.96		10.11	0.03
Madagascar	1.46	30.20	15.48	1.77	5.91	1.21	1.22		4.61	
Malawi	10.56	157.29	10.44	12.87	3.44	4.56	122.59		3.40	
Maldives	13.43	4.24	0.78			3.41			0.04	0.01
Mali	4.84	74.38	25.20	16.01	1.78	5.83	21.08		3.26	1.23
Mauritania	5.52	19.08	3.63	10.66	1.12		1.25		2.38	0.04
Mozambique	6.21	145.21	40.37	21.35	15.78	0.96	64.67		2.07	0.01
Myanmar (Burma)	0.88	42.11	9.67	0.11	1.77	0.30	14.08		16.15	0.03
Nepal	1.16	34.86	23.20	4.66	0.36	0.50			5.80	0.34
Niger	7.34	113.85	34.34	20.89	2.40	0.74	27.50		27.53	0.45
Rwanda	7.42	78.78	13.29	7.01	15.83	12.12	30.00			0.53
Samoa	47.10	8.62	8.44		0.02	0.16				
Sao Tome & Principe	27.18	4.50	1.83	1.36	0.44		0.70			0.16
Senegal	5.11	63.52	9.76	29.91	8.05	9.33	4.87		1.06	0.55
Sierra Leone	10.34	60.69	12.65	22.73	1.39	0.90	22.61		0.04	0.38
Solomon Islands	35.03	18.85	2.57	0.08		0.87	15.00		0.34	
Somalia	10.29	95.99	31.13	6.09	11.49	2.94	5.18		39.13	0.02
Sudan	4.93	214.55	28.39	0.31	36.19	0.24	9.73		139.69	
Tanzania	3.24	145.41	20.07	26.84	7.25	0.48	83.67		7.10	
Timor-Leste	9.77	10.99	5.31	0.02		4.05	1.21		0.34	0.05
Togo	6.13	36.93	7.16	0.29	0.63	1.04	27.71		0.12	
Tuvalu	18.09	0.18	0.17							0.01
Uganda	2.91	97.35	13.15	38.34	4.24	0.15	23.54		17.46	0.48
Vanuatu	6.47	1.55	0.63		0.31	0.25	0.03		0.34	
Yemen	1.28	30.75	15.31	0.05	3.83		3.08		8.47	0.01
Zambia	5.34	69.86	17.80	4.30	6.42	3.38	36.63		1.07	0.25
South of Sahara, Regional - LDC's										
Asia, Regional - LDC's										
Total Least Developed Countries	4.02	3 349.48	934.06	517.05	202.76	133.41	900.18		651.56	10.45

<b>Other Low Income Countries (OLIC)</b>									
Cote d'Ivoire	2.56	50.53	23.33	11.45	11.02	0.16		4.46	0.12
Ghana	3.27	79.70	16.46	9.57	5.30	4.52	43.79	0.05	
Kenya	1.89	76.75	14.40	2.19	5.64	6.42	4.49	43.28	0.33
Korea, Dem.	0.46	11.15	2.32		0.45		8.38		
Kyrgyz Rep.	3.45	18.39	8.58	0.79	0.33	0.90	3.08	4.63	0.07
Nigeria	0.29	45.52	38.67		0.21	0.19		5.20	1.25
Pakistan	0.75	130.07	20.18	0.03	2.78	0.32		103.31	3.46
Papua New Guinea	5.51	37.80	27.51		9.51	0.26		0.39	0.12
Tajikistan	4.02	27.67	15.08	0.32	4.31	5.05	0.04	2.82	0.06
Uzbekistan	0.18	4.89	3.19	0.10		0.07		1.31	0.21
Viet Nam	0.36	31.65	9.41	0.19	4.92	0.54	13.00	3.40	0.19
Zimbabwe	6.58	82.66	28.08	0.20	14.84	2.71	15.28	21.55	
<b>Total Other Low Income Countries</b>	<b>1.02</b>	<b>596.77</b>	<b>207.23</b>	<b>24.82</b>	<b>59.31</b>	<b>21.13</b>	<b>88.06</b>	<b>190.40</b>	<b>5.82</b>
<b>Lower Middle Income Countries (LMIC)</b>									
Albania	17.66	56.58	26.64	18.65	9.07	2.16		0.07	
Algeria	1.10	39.07	16.61	7.79	3.84	0.84		9.98	0.02
Armenia	7.92	24.49	14.42	8.74	0.57	0.14		0.35	0.27
Azerbaijan	1.74	16.02	9.32	4.45	0.99	0.72		0.48	0.06
Bolivia	4.92	48.84	10.03	10.13	17.86	4.17	5.10	1.54	
Bosnia and Herzegovina	21.10	79.34	42.36	22.08	9.17	5.33		0.40	0.00
Cameroon	2.86	56.03	14.87	26.27	10.32	4.56			0.02
Cape Verde	56.22	27.88	7.04	2.90	0.41	3.70	13.84		
China	0.02	32.15	20.51	3.32	5.74	2.03			0.55
Colombia	0.88	40.51	18.21	0.16	4.08	3.26		14.80	0.01
Congo, Rep.	6.01	24.30	5.09	5.80	1.05	7.23	0.60	4.51	0.01
Cuba	1.67	18.80	2.13	1.06	12.22	0.26		3.12	
Dominican Republic	6.14	60.95	28.67	3.06	2.74	0.34	25.00	1.13	0.01
Ecuador	1.29	18.66	11.00		4.42	1.28	0.18	1.69	0.08
Egypt	1.27	103.33	40.93	58.77	0.32	3.29			0.02
El Salvador	6.40	39.65	32.34	0.11	3.90	0.92		2.39	
Georgia	26.91	117.14	53.59	4.47	0.53	6.60	30.70	20.97	0.28
Guatemala	1.96	28.26	9.39		3.07	9.39	1.72	4.70	
Guyana	29.26	22.08	2.46		15.57	3.60		0.20	0.25
Honduras	5.81	44.17	7.01	0.46	0.66	17.26	16.05	2.68	0.04
India	0.06	71.12	58.35	1.04	1.07	1.57		8.91	0.18
Indonesia	0.33	79.61	70.44	2.33	1.91	0.49		4.41	0.02
Iran	0.04	2.59	0.45			0.24		1.80	0.10
Iraq	1.29	40.84	26.48			2.92		11.44	
Jamaica	29.31	80.35	33.48	6.63	12.32	4.56	22.39	0.96	0.01
Jordan	15.86	98.12	64.44	6.53	20.29	1.92		4.76	0.17
Kosovo (2)	115.51	210.89	153.22	9.38	5.97	4.73	30.00	5.00	2.40
fYRoM	20.19	41.60	10.28	2.18	9.54	19.60			
Marshall Islands	7.73	0.42	0.10	0.29		0.03			
Micronesia, Fed. Sts.	3.42	0.38	0.12	0.15		0.11			
Republic of Moldova	29.16	104.19	38.70	4.52	0.81	16.99	40.00	0.00	3.17
Mongolia	3.68	10.14	0.35		3.09	5.09		1.60	
Morocco	5.28	168.70	110.47	29.66	26.27	2.28			0.02
Namibia	3.58	8.16	2.16	1.60	0.17	3.22		0.05	0.96
Nicaragua	2.86	16.54	6.06	0.42	1.51	2.30	0.17	5.93	0.14
Niue	575.95	0.85	0.00	0.83		0.01			
Occupied Palestinian territory	82.51	333.29	230.38	0.97	10.94	3.04	18.00	69.43	0.52
Paraguay	3.50	22.56	18.60	0.22	0.25	0.36	2.57	0.44	0.11
Peru	0.67	19.45	11.93	2.05	1.52	0.92	0.68	2.01	0.33
Philippines	0.42	39.20	18.39		1.96	1.39	1.04	16.42	0.02
Sri Lanka	1.74	36.32	7.45	0.83	0.52	0.21		27.29	0.02
Swaziland	13.67	16.21	9.53	0.46	5.14	1.07			0.00
Syria	1.91	38.95	23.58	0.80	5.51	0.69		8.34	0.04
Thailand	0.27	18.32	6.20	0.11	0.59	1.62	0.05	9.73	0.01
Tokelau	-								
Tonga	11.73	1.22	0.24	0.05	0.32	0.62			0.00
Tunisia	6.66	69.82	13.98	28.64	7.92	1.15	18.07		0.05
Turkmenistan	0.85	4.27	3.57	0.15	0.16	0.02		0.15	0.22
Ukraine	2.54	115.53	30.75	45.91	23.77	11.35			3.75
Wallis & Futuna	240.01	3.26	1.92	1.34					
<b>Total Lower Middle Income Countries</b>	<b>0.72</b>	<b>2 551.15</b>	<b>1 324.23</b>	<b>325.33</b>	<b>248.09</b>	<b>165.59</b>	<b>226.16</b>	<b>5.00</b>	<b>245.10</b>

Upper Middle Income Countries (UMIC)										
Anguilla	407.61	6.26		6.26						
Antigua & Barbuda	104.14	9.24	0.20	0.04			9.00			
Argentina	0.15	6.01	4.96		0.83	0.06	0.05	0.11		
Barbados	33.87	9.26	2.95	5.66	0.65					
Belarus	1.20	11.50	5.63	0.99	0.11	2.02			2.75	
Belize	17.89	5.58	0.64	0.24	3.80	0.86		0.03	0.01	
Botswana	14.78	29.65	26.81		0.59	2.11			0.15	
Brazil	0.08	16.08	7.42		6.07	2.50			0.09	
Chile	0.71	12.19	5.15		3.36	0.50		3.14	0.04	
Cook Islands	3.98	0.08	0.03					0.06		
Costa Rica	0.69	3.20	2.40	0.19	0.36	0.16		0.09		
Croatia	18.16	79.96	15.31	13.24	11.61	39.56			0.24	
Dominica	261.31	17.71	0.73	4.79	3.49	0.22	8.47			
Fiji	5.46	4.70	4.11		0.38	0.20		0.01		
Gabon	6.58	9.91	3.86	2.13	3.84	0.06			0.01	
Grenada	87.95	9.19	0.72		1.14		7.34			
Kazakhstan	0.82	13.13	7.52	1.29	0.76	2.86		0.68	0.01	
Lebanon	9.52	40.23	20.81	3.83	2.65	1.25		11.68	0.01	
Libya	0.13	0.80	0.68		0.12					
Malaysia	0.03	0.91	0.53	0.31	0.02	0.05				
Mauritius	39.45	51.25	1.44		1.84	0.17	47.79			
Mayotte	3.68	0.75	0.27	0.02	0.08	0.38				
Mexico	0.05	5.67	2.31		1.51	1.84				
Montenegro	16.38	10.34	4.45	1.18	1.00	2.57		0.64	0.51	
Montserrat	1 096.39	6.51	0.01		6.50					
Nauru	79.94	0.82		0.15				0.67		
Oman	-									
Palau	25.31	0.52	0.05	0.47						
Panama	0.32	1.14	1.01		0.03	0.01		0.09		
Serbia	27.28	219.05	82.77	48.60	11.29	17.79	50.00	4.11	4.49	
Seychelles	40.35	3.49	0.37		0.13		2.98		0.02	
South Africa	2.31	115.60	94.91	4.86	0.66	14.58			0.59	
Suriname	24.97	13.10	0.88	8.51	3.54	0.09		0.01	0.07	
St.Helena	-									
St.Kitts-Nevis	123.27	6.46	0.65	0.99	0.48	0.02	4.32			
St.Lucia	102.73	17.90	3.32	0.33	13.19	1.06				
St.Vincent & Grenadines	71.68	7.84	4.65	0.63	2.14	0.41				
Trinidad & Tobago	0.32	0.42	0.23		0.08			0.05	0.06	
Turkey	3.06	222.84	85.39	12.02	0.06	125.37				
Uruguay	1.59	5.36	3.31		0.74	0.98	0.32			
Venezuela	0.15	4.43	3.52		0.24	0.03		0.49	0.16	
Total Upper Middle Income Countries	1.58	979.08	400.02	116.71	83.30	217.73	130.27	21.87	9.18	
Total LDC + OLIC + LMIC + UMIC	1.33	7 476.47	2 865.54	983.90	593.46	537.87	1 344.67	5.00	1 108.92	37.11
By region										
Europe	9.70	1 506.75	617.05	237.93	106.45	302.38	120.47	5.00	10.16	107.32
Africa	4.08	4 161.30	1 235.76	741.71	425.25	274.22	940.92		529.20	14.24
America	1.67	973.49	293.54	81.62	176.47	80.91	169.75		168.00	3.21
Asia	0.48	1 844.76	1 020.07	57.64	120.17	90.78	135.61		412.58	7.92
Oceania	10.01	91.33	48.17	5.81	16.26	3.04	15.03		2.89	0.14
Bilateral unallocated	0.19	1 083.99	213.71	21.33	92.91	38.92	62.80	114.22	40.00	500.09
Total Region	1.73	9 661.62	3 428.30	1 146.04	937.50	790.24	1 444.57	119.22	1 162.83	632.92

Breakdown by country/region of external aid financed on the general EU Budget and the European Development Fund (EDF) in 2010

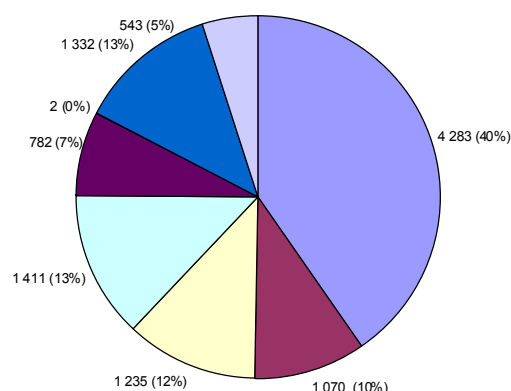
Bilateral ODA flows

(1) Source: World Population Prospects - United Nations Population Division - 2010 revision

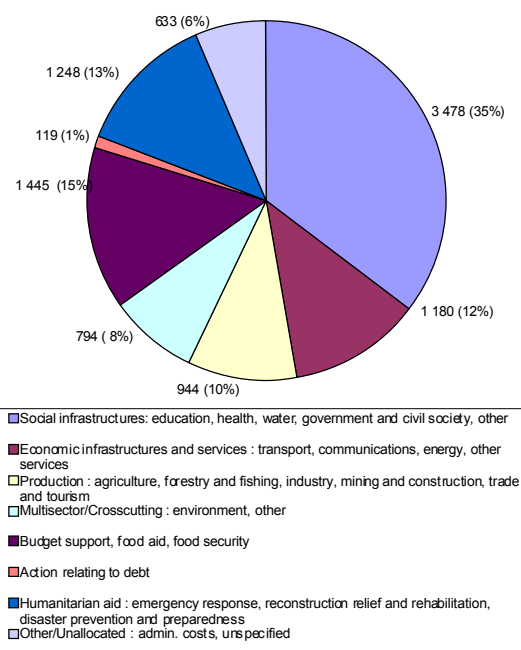
(2) UNSCR 1244/99

**Table 5.13 Sectoral breakdown of ODA managed by the Commission in 2010**

**Commitments in € Million**



**Disbursements in € Million**



**Table 5.14 Detailed description of ODA by sector in 2010 - Commitments**

Commitments in € Million

Sector of Destination	Total	Managed by EuropeAid	Managed by Other DG's
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	<b>4 283.33</b>	<b>3 506.11</b>	<b>777.22</b>
<b>Education</b>	<b>626.21</b>	<b>569.26</b>	<b>56.95</b>
Education, level unspecified	218.92	195.08	23.83
Basic education	105.39	100.50	4.89
Secondary education	28.14	26.90	1.24
Post-secondary education	273.77	246.77	27.00
<b>Health</b>	<b>687.17</b>	<b>679.46</b>	<b>7.71</b>
Health, general	75.13	67.42	7.71
Basic health	612.04	612.04	
<b>Population policies/programs and reproductive health</b>	<b>105.45</b>	<b>93.44</b>	<b>12.00</b>
<b>Water supply and sanitation</b>	<b>513.78</b>	<b>484.28</b>	<b>29.50</b>
<b>Government and civil society</b>	<b>1 941.77</b>	<b>1 293.21</b>	<b>648.57</b>
<b>Other social infrastructure and services</b>	<b>408.95</b>	<b>386.47</b>	<b>22.49</b>
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	<b>1 070.09</b>	<b>840.93</b>	<b>229.16</b>
<b>Transport and storage</b>	<b>639.88</b>	<b>464.83</b>	<b>175.05</b>
<b>Communications</b>	<b>22.83</b>	<b>4.50</b>	<b>18.33</b>
<b>Energy generation and supply</b>	<b>319.49</b>	<b>287.88</b>	<b>31.61</b>
<b>Banking and financial services</b>	<b>1.17</b>		<b>1.17</b>
<b>Business and other services</b>	<b>86.73</b>	<b>83.73</b>	<b>3.00</b>
<b>PRODUCTION SECTORS</b>	<b>1 235.15</b>	<b>947.34</b>	<b>287.81</b>
<b>Agriculture, Forestry and Fishing</b>	<b>873.74</b>	<b>601.64</b>	<b>272.10</b>
Agriculture	821.09	549.74	271.35
Forestry	40.85	40.10	0.75
Fishing	11.80	11.80	
<b>Industry, Mining and Construction</b>	<b>188.06</b>	<b>180.09</b>	<b>7.97</b>
Industry	187.36	180.09	7.27
Mineral resources and mining			
Construction	0.70		0.70
<b>Trade and Tourism</b>	<b>173.35</b>	<b>165.61</b>	<b>7.74</b>
Trade policy and regulation	162.35	154.61	7.74
Tourism	11.00	11.00	
<b>MULTISECTOR / CROSSCUTTING</b>	<b>1 410.73</b>	<b>845.87</b>	<b>564.86</b>
<b>General environmental protection</b>	<b>413.27</b>	<b>269.12</b>	<b>144.15</b>
<b>Other multisector</b>	<b>997.47</b>	<b>576.75</b>	<b>420.71</b>
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	<b>781.50</b>	<b>691.50</b>	<b>90.00</b>
<b>General budget support</b>	<b>583.74</b>	<b>493.74</b>	<b>90.00</b>
<b>Development food aid/food security assistance</b>	<b>197.76</b>	<b>197.76</b>	
<b>Other commodity assistance</b>			
<b>ACTION RELATING TO DEBT</b>	<b>2.33</b>	<b>2.33</b>	
<b>Action relating to debt</b>	<b>2.33</b>	<b>2.33</b>	
<b>HUMANITARIAN AID</b>	<b>1 332.40</b>	<b>240.60</b>	<b>1 091.80</b>
<b>Emergency Response</b>	<b>1 145.18</b>	<b>144.68</b>	<b>1 000.50</b>
<b>Reconstruction relief and rehabilitation</b>	<b>67.10</b>	<b>29.10</b>	<b>38.00</b>
<b>Disaster prevention and preparedness</b>	<b>120.12</b>	<b>66.82</b>	<b>53.30</b>
<b>OTHER / UNALLOCATED / UNSPECIFIED</b>	<b>542.70</b>	<b>343.19</b>	<b>199.51</b>
<b>Administrative costs of donors</b>	<b>462.23</b>	<b>279.47</b>	<b>182.76</b>
<b>Refugees in donor countries</b>			
<b>Unallocated/unspecified</b>	<b>80.47</b>	<b>63.72</b>	<b>16.75</b>
<b>GRAND TOTAL</b>	<b>10 658.23</b>	<b>7 417.87</b>	<b>3 240.36</b>

Breakdown by sector of Official Development Assistance (ODA) financed on the EU budget and the European Development Fund (EDF) in 2010  
Bilateral and multilateral ODA flows



**Table 5.15 Detailed description of ODA by sector in 2010. - Disbursements**

Disbursements in € Million

Sector of destination	Total	Managed by EuropeAid	Managed by Other DG's
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	<b>3 478.30</b>	<b>2 818.42</b>	<b>659.88</b>
<b>Education</b>	<b>737.93</b>	<b>657.46</b>	<b>80.47</b>
Education, level unspecified	306.04	271.44	34.60
Basic education	182.75	182.03	0.72
Secondary education	57.82	52.06	5.77
Post-secondary education	191.32	151.94	39.38
<b>Health</b>	<b>335.69</b>	<b>328.49</b>	<b>7.20</b>
Health, general	122.30	117.79	4.51
Basic health	213.39	210.70	2.68
<b>Population policies/programs and reproductive health</b>	<b>89.62</b>	<b>72.49</b>	<b>17.13</b>
<b>Water supply and sanitation</b>	<b>382.05</b>	<b>349.00</b>	<b>33.04</b>
<b>Government and civil society</b>	<b>1 499.06</b>	<b>1 003.63</b>	<b>495.44</b>
<b>Other social infrastructure and services</b>	<b>433.96</b>	<b>407.35</b>	<b>26.61</b>
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	<b>1 179.76</b>	<b>1 019.69</b>	<b>160.07</b>
<b>Transport and storage</b>	<b>753.86</b>	<b>668.25</b>	<b>85.61</b>
<b>Communications</b>	<b>28.48</b>	<b>24.44</b>	<b>4.03</b>
<b>Energy generation and supply</b>	<b>279.06</b>	<b>231.90</b>	<b>47.16</b>
<b>Banking and financial services</b>	<b>33.15</b>	<b>25.55</b>	<b>7.60</b>
<b>Business and other services</b>	<b>85.21</b>	<b>69.54</b>	<b>15.67</b>
<b>PRODUCTION SECTORS</b>	<b>944.19</b>	<b>880.66</b>	<b>63.53</b>
<b>Agriculture, Forestry and Fishing</b>	<b>446.62</b>	<b>417.04</b>	<b>29.59</b>
Agriculture	384.28	356.16	28.12
Forestry	35.63	34.53	1.10
Fishing	26.71	26.34	0.37
<b>Industry, Mining and Construction</b>	<b>264.35</b>	<b>247.58</b>	<b>16.77</b>
Industry	231.70	216.22	15.48
Mineral resources and mining	29.64	28.37	1.27
Construction	3.01	2.98	0.03
<b>Trade and Tourism</b>	<b>233.22</b>	<b>216.05</b>	<b>17.17</b>
Trade policy and regulation	217.66	201.07	16.59
Tourism	15.55	14.98	0.58
<b>MULTISECTOR / CROSSCUTTING</b>	<b>794.02</b>	<b>539.25</b>	<b>254.78</b>
<b>General environmental protection</b>	<b>179.86</b>	<b>141.28</b>	<b>38.58</b>
<b>Other multisector</b>	<b>614.16</b>	<b>397.96</b>	<b>216.20</b>
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	<b>1 444.57</b>	<b>1 293.40</b>	<b>151.17</b>
<b>General budget support</b>	<b>1 102.00</b>	<b>951.30</b>	<b>150.70</b>
<b>Development food aid/food security assistance</b>	<b>342.57</b>	<b>342.10</b>	<b>0.47</b>
<b>Other commodity assistance</b>			
<b>ACTION RELATING TO DEBT</b>	<b>119.22</b>	<b>114.22</b>	<b>5.00</b>
<b>Action relating to debt</b>	<b>119.22</b>	<b>114.22</b>	<b>5.00</b>
<b>HUMANITARIAN AID</b>	<b>1 247.83</b>	<b>260.14</b>	<b>987.69</b>
<b>Emergency Response</b>	<b>1 094.85</b>	<b>168.58</b>	<b>926.27</b>
<b>Reconstruction relief and rehabilitation</b>	<b>102.34</b>	<b>78.60</b>	<b>23.74</b>
<b>Disaster prevention and preparedness</b>	<b>50.64</b>	<b>12.95</b>	<b>37.68</b>
<b>OTHER / UNALLOCATED / UNSPECIFIED</b>	<b>632.92</b>	<b>428.44</b>	<b>204.48</b>
<b>Administrative costs of donors</b>	<b>535.93</b>	<b>353.58</b>	<b>182.36</b>
<b>Refugees in donor countries</b>	<b>5.77</b>		<b>5.77</b>
<b>Unallocated/unspecified</b>	<b>91.21</b>	<b>74.87</b>	<b>16.35</b>
<b>GRAND TOTAL</b>	<b>9 840.81</b>	<b>7 354.22</b>	<b>2 486.59</b>

Breakdown by sector of Official Development Assistance (ODA) financed on the general EU budget and the European Development Fund (EDF) in 2010  
Bilateral and multilateral ODA flows

Table 5.16 EuropeAid in 2010 - A closer look: sectoral breakdown per region

Commitments in € Million

Sector of destination	ENPI East	ENPI South	ENPI	Asia	Latin America	ACP	Multi Region	Total
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	306	732	1	503	216	1 219	529	3 506
<b>Education</b>	32	62		199	80	182	15	569
Education, level unspecified		20		73		96	6	195
Basic education		10		91				101
Secondary education					18		9	27
Post-secondary education	32	32		36	62	86		247
<b>Health</b>	71			142		405	61	679
Health, general				39		17	11	67
Basic health	71			103		388	50	612
Population policies/programs and reproductive health	5	2		7		22	57	93
Water supply and sanitation	13	242			20	209		484
Government and civil society	174	208	0	84	100	364	363	1 293
Other social infrastructure and services	11	218	1	71	17	37	31	386
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	101	91		58	9	546	35	841
Transport and storage	11	64				390		465
Communications		5				0		5
Energy generation and supply	85	23		50	9	86	35	288
Banking and financial services								
Business and other services	5			9	0	70		84
<b>PRODUCTION SECTORS</b>	45	147		150	58	434	113	947
<b>Agriculture, Forestry and Fishing</b>		84		37	27	342	113	602
Agriculture		84		22	4	342	98	550
Forestry				4	23		14	40
Fishing				11			1	12
<b>Industry, Mining and Construction</b>	45	63		32	32	8		180
Industry	45	63		32	32	8		180
Mineral resources and mining								
Construction								
<b>Trade and Tourism</b>				81		85		166
Trade policy and regulation				70		85		155
Tourism				11				11
<b>MULTISECTOR / CROSSCUTTING</b>	19	112	48	180	89	286	112	846
General environmental protection				23	12	147	88	269
Other multisector	19	112	48	157	77	140	24	577
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	21	20		21	7	516	107	692
General budget support	21	20				453		494
Development food aid/food security assistance				21	7	63	107	198
Other commodity assistance								
<b>ACTION RELATING TO DEBT</b>						2		2
Action relating to debt						2		2
<b>HUMANITARIAN AID</b>		88		24		121	7	241
Emergency Response		88				50	7	145
Reconstruction relief and rehabilitation				18		11		29
Disaster prevention and preparedness				6		60	1	67
<b>OTHER / UNALLOCATED / UNSPECIFIED</b>	58		2			2	281	343
Administrative costs of donors						0	279	279
Refugees in donor countries								
Unallocated/unspecified	58		2			1	2	64
<b>GRAND TOTAL</b>	551	1 190	51	936	380	3 127	1 184	7 418

Breakdown by sector and region of external aid financed on the general EU Budget managed by EuropeAid and the European Development Fund (EDF)

Bilateral and multilateral ODA flows

On budget side, region is identified following geographical budget lines and recipient countries for thematic budget lines.

**ENPI East** : Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine (Russia excluded)

**ENPI South** : Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Occupied Palestinian territory, Syria, Tunisia (Israel excluded)

**Asia** : Iran, Iraq, Oman, Yemen, Afghanistan, Bangladesh, Bhutan, India, Kazakhstan, Kyrgyz Rep., Maldives, Myanmar (Burma), Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan, Cambodia, China, Indonesia, Korea, Dem., Laos, Malaysia, Mongolia

**Latin America** : Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

**ACP** : South Of Sahara + Oceania + Anguilla, Antigua & Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Montserrat, St.Kitts-Nevis, St.Lucia, St.Vincent & Grenadines, Trinidad & Tobago, West Indies, Regional, Guyana, Surina

**Multi region** : covering several regions or unspecified location.

Table 5.17 EuropeAid in 2010 - A closer look: sectoral breakdown per region

Disbursements in € Million

Sector of destination	ENPI East	ENPI South	ENPI	Asia	Latin America	ACP	Multi Region	Total
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	204	564	8	554	192	1 164	132	2 818
<b>Education</b>	38	94	0	225	62	224	16	657
Education, level unspecified	7	33	0	77	20	119	15	271
Basic education	0	8		92	1	80	0	182
Secondary education	1	14		10	17	9	1	52
Post-secondary education	30	39		45	23	15		152
<b>Health</b>	19	45	0	104	5	102	54	328
Health, general	15	41		36	2	20	3	118
Basic health	4	3	0	68	3	82	50	211
Population policies/programs and reproductive health	6	3		10	4	36	13	72
Water supply and sanitation	22	35	1	18	14	258	1	349
Government and civil society	106	142	7	152	87	468	42	1 004
Other Social Infrastructure and services	13	246	0	45	20	76	7	407
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	130	148	4	25	29	674	9	1 020
Transport and storage	21	77	2	4	10	554		668
Communications	2	1		7	6	9		24
Energy generation and supply	98	47	2	11	7	59	9	232
Banking and financial services	8	5		2	5	5	0	26
Business and other services	1	19	0	1	2	46		70
<b>PRODUCTION SECTORS</b>	46	159	1	79	77	466	54	881
<b>Agriculture, Forestry and Fishing</b>	4	27		32	46	257	52	417
Agriculture	3	27		24	37	223	44	356
Forestry	1	0		6	9	10	8	35
Fishing		0		2	0	24		26
<b>Industry, Mining and Construction</b>	22	110		14	18	82	1	248
Industry	18	110		11	18	58	1	216
Mineral resources and mining	4			2	0	21	0	28
Construction				0		2		3
<b>Trade and Tourism</b>	19	23	1	32	13	127	0	216
Trade policy and regulation	19	22		31	13	116	0	201
Tourism	0	1	1	1	1	11	0	15
<b>MULTISECTOR / CROSSCUTTING</b>	46	19	15	71	66	286	35	539
General environmental protection	9	3	1	18	27	65	17	141
Other multisector	37	16	14	53	39	221	18	398
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>		36		87	31	1 080	59	1 293
General budget support		18		18	17	898		951
Development food aid/food security assistance		18		69	14	182	59	342
Other commodity assistance								
<b>ACTION RELATING TO DEBT</b>						114		114
Action relating to debt						114		114
<b>HUMANITARIAN AID</b>	14	96		34	5	109	1	260
Emergency Response	13	91		4	2	58		169
Reconstruction relief and rehabilitation	2	2		28	1	46		79
Disaster prevention and preparedness	0	3		2	2	5	1	13
<b>OTHER / UNALLOCATED / UNSPECIFIED</b>	30	4	8	3	2	22	359	428
Administrative costs of donors						6	348	354
Refugees in donor countries								
Unallocated/unspecified	30	4	8	3	2	17	11	75
<b>GRAND TOTAL</b>	470	1 026	36	853	403	3 916	650	7 354

Breakdown by sector and region of external aid financed on the general Commission budget managed by EuropeAid and the European Development Fund (EDF).

Bilateral and multilateral ODA flows.

On budget side, region is identified following geographical budget lines and recipient countries for thematic budget lines.

**ENPI East** : Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine. (Russia excluded)

**ENPI South** : Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Occupied Palestinian territory, Syria, Tunisia. (Israel excluded)

**Asia** : Iran, Iraq, Oman, Yemen, Afghanistan, Bangladesh, Bhutan, India, Kazakhstan, Kyrgyz Rep., Maldives, Myanmar (Burma), Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan, Cambodia, China, Indonesia, Korea, Dem., Laos, Malaysia, Mongolia

**Latin America** : Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

**ACP** : South Of Sahara + Oceania + Anguilla, Antigua & Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Montserrat, St.Kitts-Nevis, St.Lucia, St.Vincent & Grenadines, Trinidad & Tobago, West Indies, Regional, Guyana, Surina

**Multi region** : covering several regions or unspecified location.

Table 5.18 External aid in 2010 - A closer look: sectoral breakdown per instrument

Commitments in € million

Sector of destination	ENPI	EDF	DCI - Geo (1)	DCI - Thema (2)	Food Facility (3)	EIDHR	IFS	NSI	CFSP	IPA	Echo	Other	Total
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	1 022	1 046	838	417		157	120		214	445		24	4 283
<b>Education</b>	94	159	287	30						38		19	626
Education, level unspecified	20	81	73	21						5		19	219
Basic education	10		91							5			105
Secondary education			18	9						1			28
Post-secondary education	64	78	105							27			274
<b>Health</b>	62	269	248	97						8		3	687
Health, general		7	39	18						8		3	75
Basic health	62	262	209	79									612
Population policies/programs and reproductive health	2	20	7	64						12			105
Water supply and sanitation	255	205	20	4						30			514
Government and civil society	382	356	191	186		157	120		214	335		1	1 942
Other social infrastructure and services	227	37	86	36						22		1	409
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	151	529	55	37				69		229		0	1 070
Transport and storage	75	378		12						175			640
Communications	5									18		0	23
Energy generation and supply	66	81	46	25				69		32			319
Banking and financial services										1			1
Business and other services	5	70	9							3			87
<b>PRODUCTION SECTORS</b>	192	259	185	305	5					285		4	1 235
<b>Agriculture, Forestry and Fishing</b>	84	189	40	283	5					272		1	874
Agriculture	84	189	4	266	5					271		1	821
Forestry			25	15						1			41
Fishing			11	1									12
<b>Industry, Mining and Construction</b>	108	2	64	6						8			188
Industry	108	2	64	6						7			187
Mineral resources and mining													
Construction										1			1
<b>Trade and Tourism</b>		68	81	17						5		3	173
Trade policy and regulation		68	70	17						5		3	162
Tourism			11										11
<b>MULTISECTOR / CROSSCUTTING</b>	179	229	259	155						563		26	1 411
General environmental protection		92	27	150						142		2	413
Other multisector	179	137	232	5						421		24	997
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	41	458	0	53	140							90	782
General budget support	41	395		24	34							90	584
Development food aid/food security assistance		63	0	29	106								198
Other commodity assistance													
<b>ACTION RELATING TO DEBT</b>		2											2
Action relating to debt		2											2
<b>HUMANITARIAN AID</b>	88	121	24	7			58				1 027	7	1 332
Emergency Response	88	50		7							994	7	1 145
Reconstruction relief and rehabilitation		11	18				38						67
Disaster prevention and preparedness		60	6	1			20				33		120
<b>OTHER / UNALLOCATED / UNSPECIFIED</b>	63	1	52	74	7	9	5	1	0	43	7	281	543
Administrative costs of donors	40		52	36	7	9	5	1	0	39	7	266	462
Refugees in donor countries													
Unallocated/unspecified	23	1		38		0				4		15	80
<b>GRAND TOTAL</b>	1 735	2 646	1 413	1 049	152	165	183	71	214	1 564	1 035	431	10 658

Breakdown by sector and region of external aid financed on the EU Budget and the European Development Fund (EDF)

Bilateral and multilateral ODA flows

(1) DCI - Geo : Asia, Latin America, South Africa

(2) DCI - Thema : Migration, Food security, Non-state actors, Environment, Human &amp; social development, ACP sugar programmes

(3) Food Facility : facility for rapid response to soaring food prices in developing countries, pilot project — Finance for agricultural production

(4) Administrative costs of donors : column "Other" includes EDF contribution to common administrative support expenditure and also expenditure concerning others instrument

(5) CFSP is financed on the general EU Budget managed by DG External Relations

Table 5.19 External aid in 2010 - A closer look: sectoral breakdown per instrument

Disbursements in € Million

Sector of destination	ENPI	EDF	DCI - Geo (1)	DCI - Thema (2)	Food Facility (3)	EIDHR	IFS	NSI	CFSP	IPA	Echo	Other	Total
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	720	876	701	340	14	145	84		204	360		34	3 478
<b>Education</b>	129	172	313	40		0	10			52		22	738
Education, level unspecified	39	116	96	19		0	9			7		19	306
Basic education	7	39	122	13		0	0			1		1	183
Secondary education	15	4	24	9			1			4		1	58
Post-secondary education	68	12	71	0		0				39		0	191
<b>Health</b>	62	71	96	89	6	0	2			5		5	336
Health, general	55	16	36	6		0				4		5	122
Basic health	7	55	60	83	6		2			1			213
Population policies/programs and reproductive health	2	8	3	59		0				17			90
Water supply and sanitation	58	215	55	19						33		3	382
Government and civil society	213	353	183	101		144	72		204	226		2	1 499
Other social infrastructure and services	255	58	50	31	8	1	1			27		3	434
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	225	653	56	22		0	0	61		159		4	1 180
Transport and storage	100	553	14	1						86		1	754
Communications	2	7	13	1		0	0			4		1	28
Energy generation and supply	89	54	14	11				61		46		2	279
Banking and financial services	13	4	7	2				0		8		0	33
Business and other services	20	35	7	6						16			85
<b>PRODUCTION SECTORS</b>	203	290	117	143	97		0			62		32	944
<b>Agriculture, Forestry and Fishing</b>	29	101	41	123	97		0			30		25	447
Agriculture	28	76	33	97	97		0			28		25	384
Forestry	1	3	6	25						1		0	36
Fishing	0	22	2	2						0			27
<b>Industry, Mining and Construction</b>	132	65	30	18						17		2	264
Industry	127	42	27	18						15		2	232
Mineral resources and mining	4	21	3	0						1			30
Construction		2	0							0		0	3
<b>Trade and Tourism</b>	43	124	45	2						16		4	233
Trade policy and regulation	41	116	44	1						15		1	218
Tourism	2	8	1	1						1		3	16
<b>MULTISECTOR / CROSSCUTTING</b>	73	236	110	93	1	1	1			251		28	794
General environmental protection	10	49	28	55						36		3	180
Other multisector	63	188	82	39	1	1	1			216		25	614
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	18	840	34	160	242					50		101	1 445
General budget support	18	783	32	47	71					50		101	1 102
Development food aid/food security assistance		56	2	113	171					0			343
Other commodity assistance													
<b>ACTION RELATING TO DEBT</b>		114								5			119
Action relating to debt		114								5			119
<b>HUMANITARIAN AID</b>	110	105	37	8		0	32			10	940	5	1 248
Emergency Response	104	54	6	5		0	16			1	905	5	1 095
Reconstruction relief and rehabilitation	3	46	29	0			14			9			102
Disaster prevention and preparedness	3	5	2	2			2			0	35		51
<b>OTHER / UNALLOCATED / UNSPECIFIED</b>	59	21	54	73	7	8	9	1	0	45	8	348	633
Administrative costs of donors	40	5	51	38	7	7	5	1	0	39	8	335	536
Refugees in donor countries										6			6
Unallocated/unspecified	19	15	3	35		0	5	0		1		13	91
<b>GRAND TOTAL</b>	1 408	3 135	1 108	839	362	154	127	62	204	943	948	551	9 841

Breakdown by sector and region of external aid financed on the general EU Budget and the European Development Fund (EDF)

Bilateral and multilateral ODA flows

(1) DCI - Geo : Asia, Latin America, South Africa

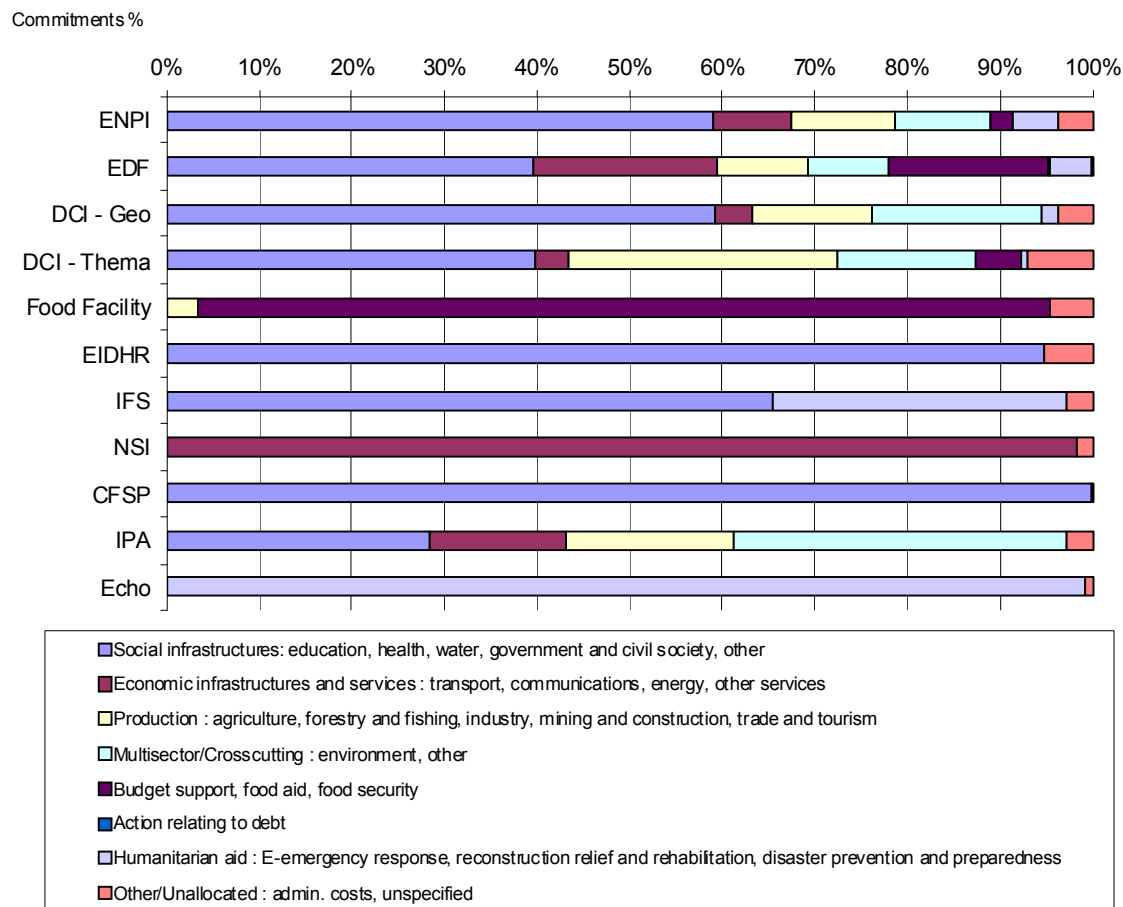
(2) DCI - Thema : Migration, Food security, Non-state actors, Environment, Human &amp; social development, ACP sugar programmes

(3) Food Facility : Facility for rapid response to soaring food prices in developing countries, Pilot project — Finance for agricultural production

(4) Administrative costs of donors : column "Other" includes EDF contribution to common administrative support expenditure and also expenditure related to all instrument included in this table.

(5) CFSP is financed on the general EU Budget managed by DG External Relations

**Table 5.20 External aid in 2010 - A closer look: sectoral breakdown per instrument**



**Table 5.21 Budget Support 2010 : breakdown by instrument**

Commitments in € Million

	General Budget Support	Sector Budget Support	Total Budget Support	Total ODA	Budget Support / Total ODA
European Neighbourhood and Partnership Instrument (ENPI)	41	548	589	1 735	34%
Development Cooperation Instrument - Geographic (1)	-	393	393	1 413	28%
Development Cooperation Instrument - Thematic (2)	58	78	136	1 049	13%
European Development Fund (EDF)	395	277	671	2 646	25%
Grand Total	494	1 296	1 789	6 843	26%

(1) DCI - Geographic : Asia, Latin America, South Africa

(2) DCI - Thematic : Migration, Food security, Non-state actors, Environment, Human & social development, ACP sugar programmes